

## Swiss Contesting Scope of Accord Over Holocaust

**'Global Settlement' Too Broad, Banking Officials Now Say; National Bitterness Rising**

By Alan Cowell  
*New York Times Service*

ZURICH — Days after Switzerland's main banks agreed in New York to negotiate a settlement with Holocaust victims, significant differences have begun to emerge over the scope of the accord.

While the agreement reached Thursday was portrayed in New York as a "global settlement," Swiss banking officials said that its prime focus would be more limited, centering on the question of bank accounts left untouched since World War II.

The distinction is important because it underscores the reluctance not only of Swiss banks but also of the Swiss government, the Swiss National Bank and many other institutions here to be drawn into a multibillion-dollar compensation fund for a far broader range of Holocaust loss — such as compensation for looted assets stashed in Switzerland by the Nazis and profits deposited by companies using slave labor.

The newest agreement, struck in an attempt by the big three Swiss banks to avert sanctions by American city and state governments, aroused anger in Switzerland.

Many Swiss people here said, now feel that the demands being made of them by U.S. Jewish organizations go beyond all justification, deepening a feeling that Switzerland is a whole, not just its banks, is being blackmailed.

"Today, that is quite a common word," said Martin Rosenfeld, a lawyer in Bern, who is secretary-general of the Swiss Association of Jewish Communities, representing the country's 18,000 Jews.

The target for some anger, moreover, is not only American Jewish organizations but also Swiss Jews, said Rolf Bloch, who administers a \$180 million fund set up last year to help needy Holocaust survivors.

"There is a certain animosity, a certain resentment, a certain feeling against Jews in general and also against Swiss Jews," he said.

And, in a marked break with a one-time tradition of loyalty to their banks, some Swiss commentators have begun to accuse the banks themselves of acting rashly, setting a precedent in New York that will encourage pressures on other institutions, such as insurance companies and industries, and even gambling away what one newspaper called "Swiss dignity" for the sake of their balance sheets.

This strived for "global" solution for the partial interests of the big banks in America leaves the global interests of Switzerland out of the picture," said the conservative newspaper Neue Zuercher Zeitung.

"And this is what could lead to the next potential



WILD KINGDOM — President Bill Clinton and his wife, Hillary, watching elephants Monday in Botswana. In his

African tour, Mr. Clinton has been offering a partnership, but some nations, like South Africa, are wary. Page 9.

## EU Opens Talks On Expansion; A Symbolic End To East-West Rift

**Adding Ex-Communists to Union Would Create Common Market A Half-Billion People Strong**

By Barry James  
*International Herald Tribune*

BRUSSELS — In its second milestone in less than a week, the European Union formally opened negotiations Monday aimed at bringing up to 10 former Communist nations in from the cold.

Foreign ministers from the East and Central European nations plus divided Cyprus met with their 15 EU counterparts to initiate the enlargement process.

The measure, coming on top of the European Commission's recommendation last week to admit 11 nations to a new single currency zone, is aimed at giving the EU a new momentum and erasing the division that fell across the Continent after World War II.

The process will turn the EU into a market of half-billion people producing more than 20 percent of the world's goods, but it will also bring to present and future members wrenching problems of adaptation.

After the ceremonial opening of the negotiations, five former Communist countries — the Czech Republic, Estonia, Hungary, Poland and Slovenia — remained behind for more substantive talks Tuesday. Five other countries — Bulgaria, Latvia, Lithuania, Romania and Slovakia — are on the back burner until their economic and political institutions are judged robust enough for EU membership.

Heads of government decided on this two-tier approach at a meeting in Luxembourg in December. They said then that the second-tier countries could join the front rank if they quickly made the required reforms.

"Today we are starting the process of finally putting behind us the division of Europe into East and West which has scarred Europe for the last half of this century," said Robin Cook, the British foreign secretary and president of the meeting.

Bronislaw Geremek, the foreign minister of Poland, said the expansion of the EU would bring added responsibilities for Continental and global order and would require tough economic adjustments. But, he added, "the people of Poland have been waiting for a long time."

His Czech counterpart, Jaroslav Sedivy, said his country was assuming its rightful place at the heart of Europe, a place from which it was excluded because of "historical events and communism."

In increasing its population by 50 percent, the EU will have to put its own house in order, officials said. At stake is an unwieldy system of farm support known as the Common Agricultural Policy and the shifting of resources from richer to poorer regions through so-called structural funds. Countries such as Spain and Portugal that have received such funds will suddenly find themselves in competition with even poorer countries to the East. Even Germany is demanding relief from its position as the largest net contributor to the EU budget.

Nevertheless, the German foreign minister, Klaus Kinkel, welcomed the enlargement as a chance to spread "peace, democratic stability and prosperity across all of Europe."

The EU has expanded in stages from six founder members over more than 40 years in line with its philosophy that the organization is open to all democratic European countries. By opening talks with Cyprus, the EU is stretching its rules never to admit a country with an unresolved border dispute.

Officials said Cyprus was qualified for membership

See EU, Page 6

## Britons Lament the Loss of Rolls-Royce

By Edmund L. Andrews  
*New York Times Service*

FRANKFURT — Rolls-Royce, Britain's manufacturer of hand-burnished luxury automobiles and a cherished symbol of national pride, is about to be sold to BMW, the German car company.

The company's current owner, Vickers, announced Monday that BMW had submitted a top bid of £340 million (\$570 million) in a six-month auction. The big losing bidder was Volkswagen, followed by a British investment firm and a dismayed consortium of Rolls-Royce enthusiasts who had hoped to rescue their beloved company from foreign hands.

If the sale is consummated as planned, Britain's last domestic automobile manufacturer will be in foreign hands. Ford Motor Co. acquired Jaguar and Aston-Martin in the 1980s, and BMW acquired Rover in 1994.

British loyalists to Rolls-Royce proclaimed themselves shocked and in grief, and some vowed to fight back with a higher offer.

"BMW makes nice little cars, but they are not luxury cars," snorted Michael Schimpfom, who heads one of two groups of Rolls-Royce fans and had been trying to assemble his own bid when he got



Graham Morris, chief executive of Rolls-Royce, with a Silver Seraph on Monday. BMW is to buy the British company.

See ROLLS, Page 6

## Appealing for Asylum, 12 Crash Into UN's Offices in Malaysia

By Thomas Fuller  
*International Herald Tribune*

KUALA LUMPUR — In a desperate attempt to avoid being sent back to Indonesia, 12 asylum seekers crashed a truck through the gates of a United Nations office here Monday as Malaysia deported nearly 1,500 more illegal immigrants.

The police cordoned off the area around the offices of the UN High Commissioner for Refugees, but said they would not enter the compound, citing diplomatic immunity.

Speaking from inside the compound,

Gottfried Koefner, head of the high commissioner's office in Kuala Lumpur, said there were 14 people in the truck, 2 of them residents of Malaysia. The 12 others were being interviewed to see if they qualified for refugee status, he said.

The asylum attempt further complicates Malaysia's efforts to rid the country of thousands of illegal immigrants, most of them from Indonesia.

Sadako Ogata, the High Commissioner for Refugees, on Monday urged Malaysia to stop deporting refugees from the separatist Indonesian region of Aceh, saying that genuine

refugees in need of international protection might be among those sent back.

[The Malaysian Parliament rejected a motion to discuss political refugees and last week's riots, The Associated Press reported. Ong Tee Keat, deputy speaker of the lower house, insisted that the matter was not urgent. The Bernama news agency quoted Mr. Ong as having said that all those who have been deported were in the country illegally and that the question of political refugee status would not be addressed.]

On Thursday, Indonesians at a detention center outside Kuala Lumpur rioted, burning

down half the complex and killing a police officer with metal rods and sharpened pieces of wood. The police retaliated, killing at least eight of the inmates.

Despite the violence, Kuala Lumpur has vowed to speed up the deportation program. Malaysian police sent home more than 500 Indonesians on Monday and 1,133 on Saturday.

The government estimates that there are 800,000 illegal foreign workers in Malaysia. The 12 asylum seekers told UN officials they

See MALAYSIA, Page 6

## Permanently Temporary

High-Tech Firms Rely on New Working Class

By Steven Greenhouse  
*New York Times Service*

REEDMONT, Washington — They hold high-prestige, high-technology jobs at Microsoft's plush campus. They often do the same work as the Microsoft Corp.'s permanent employees, developing CD-ROMs, designing World Wide Web sites and writing software manuals. Yet they do not qualify for Microsoft's coveted stock options, and their health and vacation benefits are pale imitations of those enjoyed by regular Microsoft workers.

They are long-term temps — a seeming oxymoron, but in fact a new and growing phenomenon in the American work force, embraced by many corporations, especially high-tech ones, including Microsoft, AT&T, Intel, Hewlett-Packard, and Microsoft's Seattle neighbor, Boeing.

In this era of intense competition and change, management theorists have recommended that corporations stick to their core capabilities and maintain core work forces. The corollary is that

companies should hire out for noncore activities.

In 1986, the number of temps employed each day in the United States was 800,000, but, according to the National Association of Temporary and Staffing Services, the number soared to 2.5 million last year or about 2 percent of the work force. At least 200,000 of them are long-term temps.

By some estimates, temps now represent at least 10 percent of the work force at one-fifth of U.S. corporations.

Microsoft is perhaps the leading practitioner of the trend toward long-term temps, employing about 5,000 temps, including 1,500 long-term ones — meaning that they have worked for the software colossus for at least a year. These temps work next to Microsoft's 17,000 domestic employees.

Some prefer the flexibility and the higher take-home pay that temp status affords, but many assail temping as a backdoor way to create a two-tier work force. The benefits that the lower tier

See TEMPS, Page 15

## AGENDA

### Mideast Talks 'In Dire Straits'

WASHINGTON (Reuters) — The State Department spokesman described Israeli-Palestinian peace efforts Monday as being "in dire straits" after a mission by its senior peace envoy failed to break the logjam between the parties.

"We have been unable to bridge the gaps on the hard questions," said the department spokesman, James Rubin.

He said the United States had not made a decision to walk away from its role as Middle East mediator, although that remained "an option."

Washington, he said, had worked hard to develop negotiating proposals that could be accepted by Israelis and Palestinians, but "in the absence of decisions by those leaders to bridge the gaps themselves, there isn't that much the United States can do."

The U.S. envoy, Dennis Ross, ended a diplomatic mission Monday in the Middle East, citing diminishing hopes. Page 2.

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## Economic Woes Mount in Japan, Raising Chances Of Tax-Cut Cure

By Guy Chazan  
*Our Staff From Dispatches*

TOKYO — Clouds over the Japanese economy darkened Monday as February industrial production fell further than expected and output forecasts for the coming months showed no relief ahead.

The data are expected to increase pressure on Prime Minister Ryutaro Hashimoto and the governing Liberal Democratic Party to step up plans to cut taxes. Mr. Hashimoto signaled Monday that he may finally bow to that pressure.

"Considering the present occasion, I will be flexible with measures I have to take," he told Parliament.

Industrial output fell 3.3 percent in February from the previous month, more than most economists had forecast, and was expected to fall 2.5 percent month-on-month in both March and April, the Trade Ministry said.

The data sent the benchmark Nikkei index of 225 stocks down 2.8 percent, or 476.22 points, to 16,263.04. The yen also fell sharply against the dollar. (Page 12)

"The worse-than-expected production figures assured me the economy is in terrible shape," said Yoshihiko Ishii, a fund manager at Asahi Life Investment Management Co.

Inventory buildup, particularly high in cars and raw materials, continued in February for the fourth month in a row, with overall stock levels rising 0.5 percent from a month earlier. This was the main reason behind the weak production levels, a Trade Ministry official said.

See JAPAN, Page 6

## The Collapse of Nigeria: Oil but No Fuel

By James Rupert  
*Washington Post Service*

LAGOS — About 5 P.M., it was a little crazy at the Unipetrol gas station on Olanrewaju Street in north Lagos. About 270 cars and drivers nearly blocked the four-lane road, anxious and testy, because after a day of waiting there was now gasoline to be bought.

Soldiers with guns and whips held the crowd in control, if not in order, letting a few cars at a time drive up to the pumps. A 33-year-old salesman who gave his name only as Desmond edged his

battered brown Peugeot up to a pump and told weary attendants to fill it up.

"I've been waiting since 8 o'clock this morning," he said, pulling out a dirty wad of bills. "I've lost a day's work," he muttered. "I've hardly eaten."

Nigeria, one of the world's biggest oil-producing nations, is plagued, sometimes virtually paralyzed, these days by a desperate shortage of gasoline. The crisis is perhaps the most dramatic sign of how far this African giant has collapsed under a repressive military government, widely regarded

as one of the world's most corrupt.

Shortages of gasoline, kerosene and diesel fuel have become routine in the 1990s.

But "this is the worst one ever in Nigeria," said H. O. Soyinka, the gas station operator.

Nigeria pumps more than 2 million barrels of crude oil each day — and its four refineries supposedly can make 445,000 barrels a day of gasoline, nearly twice the country's needs. But Nigeria's refineries — like its railroads, electrical

See OIL, Page 6

Newstand Prices

Bahrain	1,000 BD	Malta	.55 c
Cyprus	C 2.10	Nigeria	1250 Naira
Denmark	14.00 DKR	Oman	1.250 OR
Finland	12.00 FM	Oscar	10.00 QR
Germany	5.00 FR	Rep. Ireland	IR 1.00
Great Britain	£ 0.90	Saudi Arabia	10 SR
Japan	1,250 JD	U.A.E.	R12 + VAT
Kenya	K SH 160	U.S. Mil (Euro)	£ 1.20
Kuwait	.700 fils	Zimbabwe	2m\$400

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**Chums on the School Bus / Their Common Interest Was Guns**

## In Jonesboro, an Odd and Deadly Couple

By Jon Jeter  
*Washington Post Service*

JONESBORO, Arkansas — The older boy was full of boasts and big talk. Thirteen-year-old Mitchell Johnson would tell anyone who would listen that he belonged to a gang — sometimes the Bloods, other times the Crips. He once used a razor blade to carve a girlfriend's name faintly into his arm. He said he smoked marijuana. None of his classmates believed him.

The younger boy, Andrew Golden, 11, was known in the neighborhood for a foul mouth and short temper, the kind of kid that parents steered their children away from. "He could be a little terror at times," said one neighbor, who would not give his name. "He would pick on the girls or cuss somebody out in a second."

Still, Mitchell and Drew, as Golden was known, seemed no worse than bothersome or bullying until last Tuesday, when, police here allege, the chunky teenager and wily little boy carried out the most murderous plot this small town has ever seen.

With an arsenal of guns and ammunition stolen largely from Mitchell's grandfather, and wearing camouflage clothing, the two youths crouched in a wooded area outside Westside Middle School and opened fire on their teachers and classmates, police say, killing one teacher and four students.

There is no greater mystery here than the motives of the two boys. To neighbors, classmates and parents who knew them, there was nothing in their history or behavior that would foreshadow such a deliberately heinous act. If parents and their children considered them odd, it was in familiar, innocuous ways. Perhaps they were children at an awkward age.

"We're just like everyone else," said Doug Golden, Drew's grandfather. "We have no idea why. We never saw this coming. I mean never."

The two boys were an odd pair: The elder was from the Midwest and had relocated to this insular, Bible Belt town with his mother and stepfather; the younger was the only child of a hard-working, middle-class family whose roots here go back several generations. Their classmates say the two did not seem especially close. Their whole relationship seemed to exist on the brief bus rides to and from school, when the two usually sat next to each other.

The boys did have one interest in common: weapons. Each knew how to handle a gun.

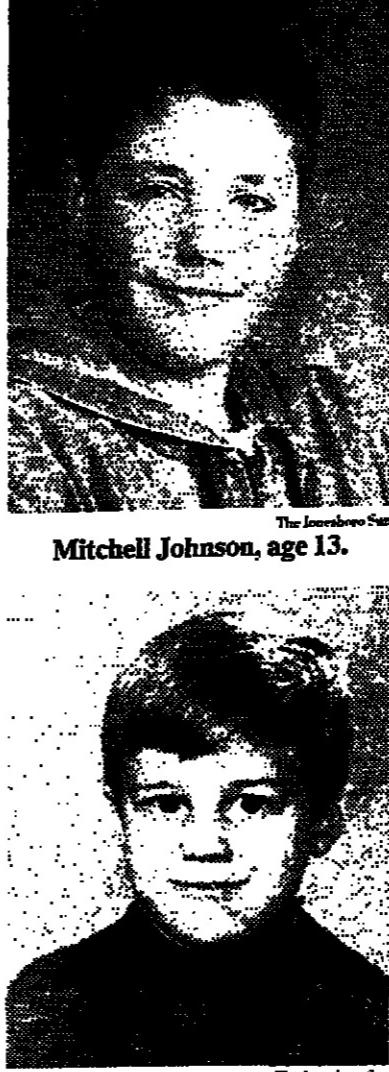
At times, schoolchildren said, Mitchell seemed to try too hard to impress his new peers with bragadocio. He talked about gangs and marijuana. In class, he was known to taunt girls, sometimes cruelly, and he boasted idly that he planned to beat up boys he didn't like.

Policing doubt that Mitchell had any gang affiliation, particularly not in Jonesboro, where authorities say they are unaware of any street gangs.

"He was just a little punk," said Eric Cornwell, 13, a classmate. "He was weird, really annoying, but nobody really thought anything of it."



Stephen Crowley/The New York Times



The Jonesboro Sun

Andrew (Drew) Golden, age 11.

Stephen Crowley/The New York Times

**There is no greater mystery than the motives of the two boys. To neighbors, classmates and parents who knew them, there was nothing in their history or behavior that would foreshadow such a deliberately heinous act. If parents and their children considered them odd, it was in familiar, innocuous ways.**

Like Mitchell, Drew was close to his grandparents. His parents worked long hours at the post office, and Drew spent much time at his grandparents' home, near the school and Johnson's home.

Both Drew's father and grandfather were avid hunters and taught the slightly built boy how to handle a rifle. Mitchell also was handy with guns, according to Mike Baskerville, an instructor in a gun safety course that the boy completed last year.

Drew Golden shot competitively in a national gun meet last year. While his grandfather has reportedly told reporters that his grandson was a "good kid," neighbors describe Drew as often prankish and surly. Parents said the boy had struck some girls in the neighborhood, although no one could recall any real harm being done.

Police say Drew set the boys' plan in motion Tuesday when he slipped out of class, pretending to go to the bathroom. Instead, authorities allege, he pulled the school fire alarm, then fled the building to join Johnson, who was at the edge of the woods near the school, already in place for the

massacre that took place over the next 20 seconds. As children and teachers emerged from the school, the gunfire began, slowly at first, then faster.

"We heard these shots," said Candace Porter, 11. "We thought it may have been a test to see how we'd react to such a thing." Then, "we knew it wasn't a test because there was people falling to the ground."

Porter, who was struck in the leg, was Mitchell's girlfriend for three days last month. Classmates said that their breakup, initiated by Porter, inspired the 13-year-old's anger.

Kara Tate, 11, said Mitchell had threatened violence. "He said he was definitely going to shoot Candace because she had broken up with him," she said.

But police say they are unsure of the boys' motives, and Porter told the Jonesboro Sun newspaper that when she broke off her relationship with Mitchell, he did not appear angry but merely turned and walked away. Moreover, Mitchell had brief relationships with other girls and did not react violently when they ended.

If the motives are unclear, however, police say

the intent was not. The attack was premeditated. On the day of the shooting, Mitchell told his parents he had a stomach ache and did not want to attend school. Later, according to police and Doug Golden, the boys broke into Golden's home and walked out with weapons and ammunition. The youths had already stolen a 7-year-old Dodge minivan from Mitchell's parents.

Inside the van, the boys had packed sleeping bags, potato chips and soda. It appeared they planned to hide out in the woods after the shooting, though police say it's unclear where they planned to go.

When police officers caught the boys moments after the shooting, they discovered inside Drew's camouflage vest: 19 .44-caliber shells; 34 .357-caliber shells; 49 .380-caliber shells; 16 .30-caliber shells; 26 .357-magnum shells; six .30-caliber shells and three .30-caliber clips. He was carrying a rifle and three handguns.

Mitchell was carrying a deer-hunting rifle, four pistols, a .38-caliber revolver and two pocket knives. From the van and the boys, police recovered 10 firearms in all.

## Young and Sick Advised to Avoid Borneo

Reuters

CANBERRA — Australia's Foreign Affairs Department on Monday issued travel warnings advising pregnant women, all children and people suffering from heart and respiratory problems to avoid the island of Borneo, where forest fires are spreading a choking smog.

The warnings cover Brunei and the

Malaysian states of Sabah and Sarawak. They advised people to stay inside air-conditioned buildings or wear face masks if forced to venture outside.

Meanwhile, all 177 schools in the Malaysian town of Miri on Borneo have been ordered closed because of the smog, the official Bernama news agency said Monday.

## Hopes in Mideast Talks Fade, U.S. Envoy Says

Reuters

JERUSALEM — A U.S. diplomatic offensive to rescue Israeli-Palestinian negotiations neared its end on a bleak note Monday, with Dennis Ross, President Bill Clinton's special envoy to the Middle East, citing diminishing hopes for peace there.

"Obviously, the stalemate begins to diminish the hopes that people have for seeing a very different Middle East and for building and achieving peace," Mr. Ross said at the Egyptian resort of Sharm el Sheikh after briefing President Hosni Mubarak.

The envoy returned to Israel later Monday for yet another round of talks with Prime Minister Benjamin Netanyahu of Israel before heading back to Washington.

Mr. Netanyahu also sounded a pessimistic note over the ability of the latest U.S. shuttle diplomacy to break the yearlong peace freeze.

He said, "We are going to continue these discussions and probably get into whether in such a short schedule we'll iron out all the issues."

Palestinians took an even darker view of Mr. Ross's four-day peace mission. Hanan Ashrawi, a minister in the Pal-

**Who is responsible for developing policy and standards for the development of the Internet?**

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**THE WORLD'S DAILY NEWSPAPER**

## TRAVEL UPDATE

### Alitalia Strike Off, Others On

ROME (Reuters) — Alitalia flight attendants called off a 24-hour strike in response to a government appeal, but disruption to rail travel and subway systems during the week looked unavoidable.

The Alitalia stoppage had been planned for Tuesday.

Rail networks will be hit on Wednesday by a strike by train drivers from 10 A.M. to 5 P.M. and by station masters from 6 A.M. to 9 P.M. Rail officials said that a minimum train service would operate across the country.

Italian journalists, protesting failed contract talks, stayed off the job Monday. Newspapers will not be available Tuesday.

### Italian Museums Free for a Week

ROME (AP) — Admission will be free at Italy's state museums, monuments, archaeological sites and other treasures during the traditional Cultural Patrimony Week, which opened Monday.

The museums include such attractions as the Uffizi in Florence, Rome's newly reopened Galleria Borghese and the National Gallery of Modern Art in Venice.

Philippine Airlines is suspending its three-times-a-week flights to Dubai for economic reasons, a spokesman for the airline said Monday.

(AP)

COUNTRY/CURRENCY	2 MONTHS NEWSWEEK PRICE	2 MONTHS OFFICE PRICE	DISCOUNT COVER PRICE
AUSTRIA	ATS 1,456	650	55%
BELGIUM/LUXEMB.	BEF 3,380	1,350	60%
DENMARK	DKK 780	350	54%
FINLAND	FI 670	320	50%
FRANCE	FF 1,200	520	60%
GERMANY	DEM 182	72	60%
GREAT BRITAIN	£ 47	22	53*
HONG KONG	HK \$ 2,000	900	55%
ITALY	ITL 145,400	58,000	60%
JAPAN	¥ 20,000	12,150	53%
MALTA	M 182	108	40%
NETHERLANDS	NL 190	85	40%
NORWAY	NOK 632	360	53%
SINGAPORE	S\$ 161	82	49%
SPAIN	PTAS 11,700	5,000	57%
SWEDEN	SEK 1,200	520	50%
SWITZERLAND	CHF 768	430	45%
U.S.A.	\$ 78	43	45%

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## WEATHER

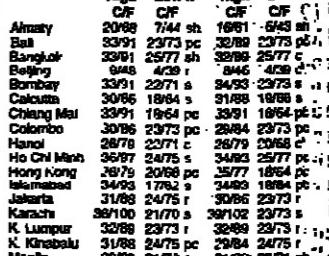
Europe

Forecast for Wednesday through Friday, as provided by AccuWeather.



Asia

Forecast for Wednesday through Friday, as provided by AccuWeather.



## ACROSS

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# Mandela Sees Possible Hoax In Report on Coup Attempt

By Suzanne Daley

## In Blow to Starr, Court Will Hear Appeal on Clinton Aide's Notes

*The Associated Press*

**WASHINGTON** — In a decision that will further delay the Whitewater investigation, the Supreme Court on Monday agreed to hear arguments that the attorney-client privilege protects notes taken by a lawyer for Vincent Foster, the late White House deputy counsel.

A decision is not expected until next year.

The Whitewater independent counsel, Kenneth Starr, wants the notes to help determine whether presidential aides lied about whether Hillary Rodham Clinton had a role in the dismissals of workers in the White House travel office. She has said she had no role.

Mr. Starr had urged the justices to let stand a lower court ruling that said the notes were not necessarily protected by attorney-client privilege. If the highest court had done so, he could have immediately asked a federal judge to decide whether the notes should be surrendered to a grand jury that subpoenaed them in December 1995.

Mr. Foster's lawyer, James Hamilton, took the three pages of notes on July 11, 1993, during a meeting with his client about the investigation of the travel office dismissals.

Nine days later, Mr. Foster was found dead of what the authorities say was a self-inflicted gunshot wound in a park outside Washington.

Whitewater investigators said they were entitled to Mr. Hamilton's notes because they can no longer call Mr. Foster as a witness in their investigation.

A federal judge ruled the notes were protected by attorney-client privilege. But a federal appeals court reversed the decision, saying the notes are not necessarily protected after death.

In criminal cases, such notes can be turned over to prosecutors if they "bear on a significant aspect of the crimes at issue," and other reliable evidence is scarce, the appeals court said.

Mr. Hamilton's Supreme Court appeal said the appeals court's ruling "defeats the fundamental purpose" of the attorney-client privilege.

"All citizens — including the elderly and seriously ill — still have a right to talk to an attorney in confidence," Mr. Hamilton said.

People may be hesitant to talk to their lawyers about criminal matters if those statements could be disclosed after their own death, he added.

Mr. Starr urged the justices to reject Mr. Hamilton's appeal, saying "This court's review would further delay an important grand jury investigation which touches on vital matters of public concern."

Mr. Foster "would have been an important witness" in the travel office investigation, and the notes would disclose information Mr. Foster would have provided if he were alive, Mr. Starr said.

In another decision, the court rejected the appeal of a U.S. soldier facing a bad-conduct discharge for refusing to wear a United Nations shoulder patch and UN blue beret for a peace-keeping mission.

The justices, without comment, turned away the

argument by the soldier, Michael New, that he is entitled to an honorable discharge because the order he disobeyed would have required him to become a "UN soldier" and violate his oath of office.

A military court-martial rejected that argument, and two lower courts ruled they could not hear Mr. New's case because he had not yet finished seeking help from military appeals courts.

Mr. New, a medical specialist now on involuntary leave in the Houston area joined the army in 1993. While stationed in Germany in 1995, Mr. New was told he was to be deployed to Macedonia as part of a UN peacekeeping force. Mr. New told his superior he would not wear the UN colors unless provided with some constitutional authority instead of requiring him to do so.

"I have never taken an oath to the United Nations, but I have taken the required oath to support and defend the constitution," he wrote in a statement submitted to his superiors.

### POLITICAL NOTES

#### Abortion Foe Jolts Edgy Republicans

**HOUSTON** — For Republican leaders driven to a tizzy by Gary Bauer, the news is not good: He is leaning toward a presidential bid.

The Washington-based conservative activist, making his first appearance at a showcase for White House aspirants, told Texas conservatives over the weekend that congressional Republicans had a "hang-dog look" and "act like they lost Congress four years ago" instead of capturing it.

He said opposition to abortion must be the cornerstone of the party platform, and challenged the Republican establishment to "stand against the agenda of the gay rights movement." Then, he all but announced his intention to run for president in 2000.

Mr. Bauer's Family Research Council rivals the Christian Coalition as a voice for grassroots conservative activists. His political action committee raised \$3.1 million so far this year, spending \$600,000 in behalf of candidates.

Mr. Bauer may have overreached this spring, buying anti-abortion television in a California congressional district. Republican leaders believe that moderate voters, turned off by the ads, turned out for the Democratic candidate who won.

The Republican establishment fears that Mr. Bauer's scorched-earth politics will disrupt the Republican coalition of economic and social conservatives in November elections this year and 2000. (AP)

## Florida Executes a Woman For First Time Since 1848

*Murderer Has No Last Statement in Electric Chair*

*The Associated Press*

**STARKE, Florida** — Judy Buenoano, who poisoned her husband, drowned her paralyzed son and tried to blow up her fiance, was executed Monday in the electric chair.

She was the first woman to die in Florida since 1848, and only the third woman executed in the United States since 1976. Prosecutors contend that she became a killer because she wanted to collect \$240,000 in insurance money.

Guards helped Ms. Buenoano, 54, walk into the death chamber at 7:02 A.M. She was strapped into the chair and asked if she had a final statement.

"No, sir," she answered weakly, not looking at the witnesses on the other side of a glass partition. Once, she leaned her head back and opened her mouth widely. She grimaced as they tightened the leather straps.

The power was turned on at 7:08 A.M. Smoke curled up from her right leg throughout the 38-second electrocution. She was pronounced dead at 7:13 A.M.

Ms. Buenoano was executed for the arsenic poisoning of her husband in 1971.

The former nail salon owner had also been convicted of drowning Michael Goodyear, her 19-year-old son, by giving him arsenic — which might have caused his paralysis — and pushing him out of a canoe.

He was wearing heavy leg and arm

braces and had no life jacket.

But until she tried to kill her fiance, John Gentry, in 1983 by bombing his car in Pensacola, Florida, Ms. Buenoano had not been suspected of the two killings. Mr. Gentry said she had given him "vitamins" that made him sick.

Buenoano is Spanish for "good year." Investigators learned that Ms. Buenoano had been married to Sergeant James Goodyear of the air force, exhumed his remains and found he had lethal amounts of arsenic in his body when he died in 1971.

Prosecutors in Colorado found evidence that Ms. Buenoano poisoned a boyfriend, Bobby Joe Morris, in Trinidad, Colorado, in 1978, but decided not to charge her.

In her final days, Ms. Buenoano crocheted blankets and baby clothes and said she wanted to be remembered as a good mother. She continued to deny killing her husband and boyfriend and maintained that her son's drowning had been an accident.

"Seeing the face of Jesus, that's what I think about," she recently told a Florida television station. "I'm ready to go home."

The state's last execution of a woman was in 1848, when a slave named Celia was hanged for killing her owner, Jacob Bryan, who also was her father and the father of her children.

It had been 41 years since a woman was executed by electrocution in the United States. Rhonda Belle Martin was put to death on Oct. 11, 1957, in Alabama for poisoning her mother, three daughters and two husbands.

Only two other women had been executed since the U.S. Supreme Court lifted the ban on the death penalty in 1976, and both were by injection.

In 1984, Velma Barfield was executed by North Carolina for poisoning her boyfriend. Texas put Karla Faye Tucker to death on Feb. 3 for a double-pickax murder. Ms. Tucker was a telekinetic, avowed Christian who ministered to her fellow inmates, expressed contrition for her crimes and even received support from the Pope.

"Judy was a born-again Christian," said Jeanna Eaton, a cousin of Ms. Buenoano's from Houston. "She may not have been as photogenic, as young, as pretty as Karla, but she was just as good a Christian."

On Sunday, the 11th U.S. Circuit Court of Appeals in Atlanta and the Supreme Court denied her appeals, which claimed she was innocent and called the electric chair "barbaric," something that "belongs in Frankenstein's laboratory."

Another Florida inmate is scheduled to be executed Tuesday, for the fourth execution in the state in a nine-day span.

#### Press Gingerly Tells New Sex Allegation

**WASHINGTON** — The legal filing, depending on which account you read in Sunday's papers, described a "sexual incident" (the New York Post); a possible "assault" (The Washington Times); a "hearsay account of an otherwise unsubstantiated encounter" (The New York Times); or "a sensational — but uncorroborated — allegation that Clinton raped a woman" (The Washington Post).

It was also a journalistic conundrum: how to treat the allegation, contained in a larger filing by Paula Jones's lawyers, that President Bill Clinton had committed rape when he was Arkansas attorney general in the late 1970s.

Ordinarily, news outlets would be unlikely to report on such a 20-year-old allegation against a president without a direct account from the supposed victim. But the fact that it was filed in a legal brief in Mrs. Jones's high-profile sexual harassment suit immediately made it fit to print — or at least difficult to ignore.

Further complicating the matter is that while the woman's attorney complained that she was the subject of "vicious rumors," he would not confirm or deny the allegation, which was based on the statement of an Arkansas man who described himself as the woman's friend. The woman declined to comment to The Associated Press. A White House spokesman called the charge "outrageous and false." (WP)

#### Quote/Unquote

Michael McCurry, the White House press secretary, who is traveling with President Bill Clinton in Africa, after eating two sun-dried mophane worms, a delicacy in Botswana: "Tastes like a dead worm fried in oil." (WP)

## Still a Little Lost? Relief Is On Way

By Matthew L. Wald  
*New York Times Service*

**WASHINGTON** — The government plans to upgrade the Global Positioning System in the next few years to make handheld navigation instruments up to 10 times more accurate, a White House official said.

The change, approved by a federal committee on Friday, was to be announced by Vice President Al Gore. The upgrade furthers a position staked out two years ago by the Clinton administration to maximize the commercial usefulness of the system, on which the Pentagon has spent \$10 billion.

The change would not affect the performance of the best commercial Global Positioning System receivers, which cost up to \$30,000 and, using satellite signals, can pinpoint a location to within centimeters in longitude, latitude and elevation. They are used by surveyors laying out property lines and by scientists studying small movements of land to predict earthquakes.

But the cheapest devices, the ones sold for \$100 to \$200, could establish a location to within 33 feet (10 meters) or less. Existing inexpensive units generally provide accuracy to within about 115 to 160 feet.

"What this does for the common user, the guy who has the \$199 receiver, is you're going to be able to get back to a fishing hole or whatever, not within 150 feet, but within 20 or 30 feet," the White House official said.

Global Positioning System receivers in cars can signal their position to a central office, so that a driver who is lost can ask for directions without knowing the car's precise location. Existing technology allows a central dispatcher to know that the driver is on, for example, Interstate 95, but with the new system the dispatcher would know whether it was in the northbound or the southbound lanes.

The change will require new satellites and new receivers. But the change of satellites will occur naturally because the 24 satellites that send the signals to the ground to establish a location are replaced every seven and a half years. Existing receivers will perform as they always have, like a black-and-white television receiving color signals. The new satellites will be launched beginning around 2004.

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ACROSS

- 1 Check
- 5 Fill to excess
- 6 Country bumpkin
- 10 Pratentious
- 14 Deposited leader's farts, maybe
- 16 Chester Arthur's middle name
- 17 ♦ Airport info, formally
- 21 On the same side, at sea
- 22 Math groups
- 23 Here, to hand
- 24 Calcutta clothing
- 25 Klingon or Vulcan
- 26 Women's group?
- 27 Coach Panseghian
- 28 Buster Brown's dog
- 29 Central point
- 30 First governor of Alaska
- 31 Lesser to R.M.N. In '88
- 34 Numbers game
- 35 Sharp
- 36 One who's on your side
- 37 London law
- 38 Flares, H.E.W.
- 39 Audi, Emma, Alastair
- 40 Dress to the nines
- 41 Estee Lauder
- 42 IDS, STENOS
- 43 Arcane, Stealer, Perfectionists
- 44 ALAR, OREL, SABER
- 45 CATO, DIAL, EBONY
- 46 EXES, EMMY, LEASE
- 47 Latvian, s.g.
- 48 Volumes A and Z in an encyclopedia
- 49 Boas
- 50 Part of a hearty breakfast
- 51 Discussion medium
- 52 "Mm-hmm"
- 53 Take a part
- 54 Prefix with logical
- 55 Seasonal visitor
- 56 Efficient
- 57 Actress Schneider
- 58 Hood
- 59 Not a hit or an out
- 60 Streamers" playwright David
- 61 Part of Q.E.D.
- 62 Frank Capra's "Wonderful Life"
- 63 Bill, the Slance Guy
- 64 Protect, as fitness
- 65 Bridge toll unit
- 66 Floor unit
- 67 Actor Wallach
- 68 Kind of bread
- 69 1997 Peter Fonda title role
- 70 Latvian, s.g.
- 71 Volumes A and Z in an encyclopedia
- 72 Boas
- 73 Part of a hearty breakfast
- 74 Jason's ship
- 75 Refuse
- 76 "Rule, Britannia" composer
- 77 "G'day" recipient
- 78 Palindromic pop group
- 79 It makes a bit of a stir
- 80 "Mn-hmm"
- 81 Prefix with logical
- 82 Seasonal visitor
- 83 Efficient
- 84 Actress Schneider
- 85 Hood
- 86 International court case, with "The"
- 87 Plenty sore
- 88 Jury
- 89 Athletic
- 90 Return to the Alps?
- 91 French textile city
- 92 Came to fitness
- 93 Square dance move
- 94 Baseball's Roberto
- 95 Frost
- 96 Jason's ship
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- 174 International court case, with "The"
- 175

# Democracy on the Line As Ranariddh Returns

By Seth Mydans  
New York Times Service

**PHNOM PENH** — Cambodia's battered democracy began its severest test Monday as Prince Norodom Ranariddh returned from exile to run for reelection as prime minister against the man who ousted him in a coup nine months ago.

The coup leader, Hun Sen, who had shared an antagonistic coalition government with Prince Ranariddh as co-prime minister, bowed to international pressure to let him back as the country prepares for an election in July. But that is only a first step. Many analysts here say that unless political violence and manipulation are brought under control, the election cannot be free and fair.

Since a United Nations-sponsored election in 1993 that was hailed as a triumph of democracy, Cambodia has descended into old patterns of infighting and violence. The tensions exploded in tank battles and artillery last July when Mr. Hun Sen seized full control of the country for himself.

For many analysts, the new election will amount to a verdict on the \$2 billion international effort to plant the seeds of democracy in a country that has been ravaged by war and mass killings for more than 30 years.

The Communist Khmer Rouge, who caused the deaths of more than a million people when they ruled the country from 1975 to 1979, have been reduced to a small insurgency. Last week, the remnants of their leadership reportedly fractured in an armed mutiny.

But Cambodia still suffers from the

traumas of the Khmer Rouge years, and deep-seated hatreds and habits of violence have eroded the democracy and the civil society put in place by the United Nations.

"I am truly delighted to be back," Prince Ranariddh said in a prepared statement on his arrival. Then, talking to reporters, he added, "You can't help having feelings of apprehension."

The prince, who has been living mostly in Thailand, said he had not yet decided whether to extend his current visit for more than a few days.

Since Mr. Hun Sen's coup, members of his party have systematically intimidated the political opposition, from Parliament members down to village organizers. Dozens of supporters of the prince, as well as members of their families, have been killed.

With Mr. Hun Sen continuing to raise new technical hurdles, there is still no guarantee that Prince Ranariddh will be able to take part in the election. Even if he does, none of the country's 50 registered opposition parties has access to broadcast media.

Among other things, Mr. Hun Sen insisted that the prince be tried in absentia and sentenced to prison this month on charges of illegal arms importation and illegal contacts with the Khmer Rouge. He was also fined \$54 million for the destruction caused by the fighting during Mr. Hun Sen's coup.

Under a plan brokered by the Japanese government, the prince was allowed to return and avoid these penalties after receiving a pardon from his father, King Norodom Sihanouk, who remained at his overseas home in China.



Cambodians trying to get a look at Prince Ranariddh as they welcomed him at Phnom Penh airport Monday.

In the months since the coup, Mr. Hun Sen has ignored repeated demands from the UN human rights representative for Cambodia, Thomas Hamerberg, for specific improvements in his behavior. Without these, Mr. Hamerberg said, the UN might not agree to assist, monitor or recognize the election.

Among the demands, Mr. Hun Sen has failed to investigate a grenade attack on an opposition rally on March 30 a year ago that killed 16 people and wounded more than 100. Many people

blame his supporters for the attack. Nevertheless, one Western diplomat said many foreign nations appeared ready to accept even the bare forms of an election in order to declare democracy alive and resume aid to Cambodia that was suspended after the coup.

"The attitude is, you deliver elections; you've got democracy," the diplomat said. "But elections are not equivalent to democracy. It's what happens in the five years between the elections. And if you look at that aspect, there's very little to shout home about."

The surge of optimism that accompanied the UN-sponsored election has slipped away now.

The international community has grown weary of Cambodia's self-destructive impulses. Many foreign governments have lowered their expectations, replacing idealism with pragmatism.

The diplomat said, "The international community has shown over and over again that it is not willing to derail the march towards elections because one bloke got killed down in Prey Veng."

# China's Rivals In Hong Kong See Danger in Local Law Bill

Compiled by Our Staff From Dispatches

**HONG KONG** — Hong Kong democrats charged Monday that mainland Chinese officials would be placed above the law if the legislature approved measures transferring to Beijing the legal exemptions that Britain enjoyed under colonial rule.

The dispute follows a pair of cases that opened a debate in recent weeks about whether people with connections to the mainland have been receiving favored treatment since China reassumed control over Hong Kong on July 1.

In February, the Hong Kong Justice Department declined to prosecute China's state-run press agency, Xinhua, under a data disclosure law. A former lawmaker, Emily Lau, said Xinhua ignored for 10 months her request to see a personal file she says the agency has on her. Under the law, requests must be answered within 40 days. Xinhua responded late with a one-line denial that it had any information.

Hong Kong's leader, Tung Chee-hwa, said Xinhua's breach was only "technical."

Two weeks ago, the Justice Department came under fire for declining to prosecute a prominent newspaper owner on charges of conspiring to defraud advertisers by inflating circulation figures. Three employees of the publisher, Sally Aw Sian, were charged. Miss Aw, publisher of the *Hong Kong Standard* and the *Sunday Standard*, is well-connected in Beijing.

The latest dispute is likely to reach a head next week when the legislature votes on a bill that would transfer legal exemptions the British government enjoyed to Beijing. Critics say that the bill goes expressly against the Basic Law, Hong Kong's mini-constitution, which states that Chinese branches in Hong Kong must obey local laws.

Martin Lee, leader of the Democratic Party, said: "This new bill is a major threat to the rule of law — which means by definition that no individual or body is above the law."

Mr. Lee said he had requested that the bill be considered in Washington's annual review of Hong Kong's autonomy, mandated by the Hong Kong-United States Policy Act. The assessment is presented to the U.S. Congress every April and says that Hong Kong can enjoy special relations with the United States only as long as it retains independence.

(AP, LAT)

# Caged Chinese Knifer Is Let Go

5-Year Incarceration Without Trial Ends for Mentally Ill Man

**BEIJING** — A mentally ill man has been freed from a cage where he was held for at least five years by police officials in southern China after stabbing an officer, an official newspaper said.

Photographs published by the Yangcheng Evening News on Sunday showed Deng Qiu being fed through the bars of the coffin-sized cage before his release, and being led away by white-coated mental health workers.

Mr. Deng, who is in his 40s, was detained 10 years ago after he stabbed and wounded a police officer in Xuwen County, in southern Guangdong Province, the newspaper said. It said

officials did not hand him over for trial because they thought him to be mentally unstable.

Investigators from the nearby city of Zhanjiang visited the village police station Saturday and concluded Mr. Deng suffers from schizophrenia, the newspaper said.

■ Petition for Release of Activist

Seventeen Chinese dissidents have issued a signed statement protesting a sentence of three years in a labor camp for a Shanghai activist, Yang Qinhe, 44, a Hong Kong-based rights group said. Agence France-Presse reported from Beijing.

## BRIEFLY

### Assassin Said to Stalk Ramos

**MANILA** — Manila's police chief said Monday that a professional assassin was stalking President Fidel Ramos of the Philippines. Brigadier General Avelino Razon said the suspect, a discharged police officer, was supported by a group.

"This man is a professional gun-for-hire killer," General Razon said, adding, "What I know is he has killed more than three prominent figures, but I cannot say more because it might affect our operations."

A senior official of Mr. Ramos's Presidential Security Group said, "We know he is planning to kill the president, and he has other people with him." The official added that security for Mr. Ramos had been doubled to avert the alleged assassination threat.

News of the supposed plot came at the height of a bitter presidential election campaign in which Mr. Ramos, barred by the constitution from seeking re-election, is campaigning for the speaker of the House, Jose de Venecia, to become his successor.

### Papon Trial Resumes

**BORDEAUX** — Maurice Papon, collaborator, appeared pale and thin Monday following a five-month absence.

Mr. Papon, 87, held his head in his hands. Jean-Marc Varaut, resuscitated, was interrupted last week by the death of his wife, Paulette, of cancer.

Mr. Papon is charged with signing the arrest and deportation of 15,000 Jews between 1942 and 1944. He is expected to conclude his case on April 14.

The six-month trial is in its final stage, expected sometime Wednesday.

### Kohl's Campaign

**BONN** — Chancellor Helmut Kohl's manager faced harsh criticism from conservative Christian Democrats in his campaign.

With Mr. Kohl falling further behind social Democrats in opinion polls,

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### Former Rivals in Vanuatu Unite

**POR VILA**, Vanuatu — The new prime minister of Vanuatu, Donald Kalpokas, formed a coalition government Monday that includes as his deputy the South Pacific nation's first postindependence leader, Father Walter Lini.

A special sitting of the 52-seat Parliament, in which Mr. Kalpokas won the support of 35 votes, confirmed him as prime minister.

The two former political rivals agreed on March 18 to form a coalition government after an election toppled the government of former Prime Minister Serge Vohor.

Mr. Kalpokas's Vanuatuaku Party won 18 seats in the election on March 6, while Father Lini's National United Party took 11.

### Blair Steps Up

By Warren Hoge  
New York Times Service

**LONDON** — Prime Minister Tony Blair announced an accelerated program Monday to forestall the catastrophic business losses and blackouts that could be caused by the Millennium Bug — the computer crisis that will hit the date change in year 2000.

Blair was concerned that small and medium-size businesses were lagging in the technical time bomb.

He told a London conference that the government would spend \$97 million (\$160 million) on technology assistance and funding for the Government Action 2000 campaign to help identify and correct the bugs.

The government also will train young and unemployed people to help launch their own information technology companies.

Blair is keeping with his goal of making Vanuatu a competitive high-tech age.

Independent Set Most Seats in Elections in Ukraine



# Herald Tribune

INTERNATIONAL  
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Inspections in Iraq

New arrangements for inspecting Iraq's presidential sites are working relatively well. There have been only minor disputes over ground rules between UN inspectors and Iraqi officials. But these preliminary visits, which Iraq has had plenty of time to prepare for, are not the real test of the agreement negotiated last month by Secretary-General Kofi Annan. That will come when investigators return later for surprise follow-up inspections, looking for evidence of prohibited weapons or sensitive documents describing germ and chemical warfare programs.

For now, a 70-member team of weapons experts will inventory the many buildings within the presidential sites. No inspections have previously been permitted at these locations. The investigators are recording the dimensions and layout of rooms and identifying areas where weapons or documents could potentially be hidden. Following the terms of the Amman agreement, the weapons inspectors are accompanied by a team of 20 international diplomats whose role is to observe the inspection work.

—THE NEW YORK TIMES

## Let the Haitians Stay

The United States has long given sanctuary to people fleeing war, revolution or persecution in their own countries. But there has been an asterisk on the U.S. performance. In the last half-century, most of those benefiting have come from Communist-ruled countries. American law and policy have failed to offer similar comfort to people who may be no less vulnerable to repression but who happen not to live under communism. This is how some 30,000 or 40,000 Haitians come to be in an unhappy American limbo now.

Close to a million Cubans and hundreds of thousands of Central Americans have exchanged violence and political strife in the Caribbean and Central America for a new life in the United States. Among those unsettled, only arrivals from Nicaragua and Cuba now enjoy permanent residence — the one formerly and the other still Marx-ruled. Salvadorans and Guatemalans, from countries once caught in revolutionary turmoil, at least can appeal deportations. But Haitians are without access to classification as either immigrants or refugees. Their opportunity to seek such status was

—THE WASHINGTON POST

## A Better Death

Since 1990, Dr. Jack Kevorkian has been helping people to kill themselves in motel rooms, the backs of cars and other hidden spots in Michigan. One hundred of them, hooked up to his homemade machinery, are dead today, successful in suicide because of him. Whether they would do it again is something we cannot know. They wanted to do it. They had their reasons, and they had only to persuade themselves and Dr. Kevorkian. There was no system to ensure that decisions to speed death were made with care, and with adequate safeguards for the patients.

But Dr. Kevorkian's widening notoriety had one salutary effect. It underscored the desperate need of terminally ill patients and their loved ones to find a better way of ending life. This is an issue on which the American public is ahead of the politicians. Too many people have watched as mother or father, who coped with the Depression and World War II, became trapped at the end of life by a medical system that would not let them die.

The idea of helping people expire has become less unthinkable than watching them die too slowly by being forced to live too long. In Oregon, a liberal state on social issues, the voters first declared their support for the concept of assisted suicide by referendum in 1994. Then after a court fight of three years, they approved doctor-assisted suicide by an even larger margin last fall. Oregon has thus become the testing ground for a new kind of aid, one that several polls taken in the last two years have shown the American public supports. That support is conditioned on the assumptions of terminal illness and pain. The hard part starts now.

Public policies need rules and bureaucrats to administer them. In Oregon, the Death With Dignity Act allows an ill adult to request a prescription of lethal drugs if he or she is

—THE NEW YORK TIMES

### Other Comment

#### Making an Impression

There was that very telling picture of an American security person passing a metal detector over a Ugandan policeman before he could be allowed to go into the enclosed area in which President Bill Clinton was to address a carefully chosen and checked audience.

Now that is not the way we do things in this part of the world. When President Nelson Mandela goes to Uganda, he addresses the people at an open-air vent and people don't have to be invited to attend. They just go to listen.

When regional leaders converged on Entebbe's Botanical Gardens for the summit, the security details of the heads of state were rendered redundant as the American security people took over.

—Sunday Nation (Nairobi)

## Toward Normal Links Between Iran and America

By Stanley A. Weiss

TEHRAN — What do the president and foreign minister of Iran have in common with the president and secretary of state of the United States? They all want a dialogue.

Mohammed Khatami wants to establish a "thoughtful" dialogue; Kamal Kharazi, one that is "constructive." Bill Clinton wants it to be "honest"; Madeleine Albright, to be "direct." And the European Union has now agreed to a dialogue that is "open" rather than "critical."

But, A.N.S. Khamoshi, head of Iran's state-supported Chamber of Commerce, told me when I began my visit: "Forget dialogue. Let's do business." To an American businessman, that sounded very promising.

The problem has been that when I try to discuss specifics, I hear the same mantra from almost every Iranian I meet — top government officials, opposition leaders, professionals, economists, journalists, conservatives and moderates, including those who spent time in the shah's and the ayatollahs' prisons.

It goes like this: Just as President Khatami expressed regret over the seizure of American hostages in 1979, President Clinton must apologize for the part the United States played in overthrowing the Mossadegh regime in 1953 and bringing back the shah.

Surprising as it may seem in a country where half the male population is too young to shave, the coup that took place almost half a century ago is a fresh memory, and a national obsession.

Iranians feel like a woman deceived. The United States had been a hero since the beginning of the century for its anti-colonial stance, and a savior immediately after World War II for helping get the Russians out of Iran. But in 1951 Mohammad Mossadegh, an anti-Communist nationalist, became prime minister and nationalized the Anglo-Iranian Oil Company.

At the urging of political mullahs and British intelligence, the CIA served as paymaster to help overthrow Mossadegh and reinstall the shah. The line from that event in 1953 to the taking of the U.S. hostages in 1979 runs straight and true in the minds of practically every Iranian I speak to.

Americans seem equally stuck in time. The fact is that the Islamic "revolution for export" died on June 3, 1989, and is buried along with Ayatollah Ruhollah Khomeini. Today Iran

has a president who speaks openly for the rule of law, a civil society based on the constitution, and individual rights for all Iranians.

He was elected by 70 percent of the electorate, 90 percent of whom voted last May. He is resisted by Ayatollah Sayed Ali Khamenei, Iran's supreme leader. But then "good mullah, bad mullah" partnership seems to be working. It is time that the United States began to readjust its policies based on this new reality.

Unfortunately, the Iranian economy is "sick," as President Khatami said recently. The state controls 85 percent of an economic system that is mismanaged, bloated, over-regulated and corrupt. The budget policies of the Parliament are subject to the final say-so of a mullah-dominated Council of Guardians.

It is as if the U.S. Supreme Court, made up members of the Moral Majority, had to approve congressional decisions. One doesn't have to be an astyallah to know that this doesn't have a prayer of working.

Worse, 80 percent of the government's hard currency earnings and 70 percent of its revenues come from oil exports, and world oil prices have dropped to the lowest levels in a decade. The rial has gone from 70 to the dollar at the time of the 1978 revolution to a market rate today of more than 5,000.

Half the population lives below the poverty line. At least half of young Iranians are unemployed or underemployed. Annual inflation is 50 percent, more than twice the official rate. And then there are the semi-governmental foundations. These financial organizations, purportedly charitable and run mostly by merchant-traders, operate at least 750 companies and command assets second only to those of the state. Much of their profits go to high-ranking government officials and clerics.

Yet of the 120,000 mullahs, 95 percent confine themselves to religious, not political, pursuits. You can tell who they are; they ride on buses, not in chauffeur-driven limousines.

In 10 days in Tehran, Isfahan and Shiraz, I have not seen a mugger or a beggar, or anyone looking remotely like the homeless people I see when I walk down Connecticut Avenue in Wash-

ington. The wide streets are clean and free of potholes. Iranian family values would make the most devout Christian or Jewish fundamentalist proud.

The literacy rate among Iranians under 30 is an astounding 93 percent. Unlike, Islamic countries like Saudi Arabia, where women cannot drive or vote, Iran does not write off half of its population. Iranian women are doctors, lawyers, teachers, psychologists — and vice President, Daughters of Ayatollah Khamenei, and former President Hashemi Rafsanjani are feminists.

Iran is of enormous strategic importance to the United States. Sixty-four percent of the world's known oil reserves lie below and around the Gulf. This most populous nation in the Middle East has the second largest natural gas reserves in the world.

And there is the Caspian Sea, with potential oil and gas reserves worth as much as \$4 trillion. The shortest and cheapest pipeline route to the Gulf and to Western markets runs through Iran.

Containment is no longer U.S. policy toward China, whose record on human rights and the proliferation of weapons of mass destruction has been criminal. So why does the United States continue to try to "contain" Iran?

Whatever the rationale for a hard-line policy during the 1980s, today it only isolates the United States and Israel. America should lift its trade embargo

*The writer is chairman and founder of Business Executives for National Security, an organization of U.S. business leaders. He contributed this comment to the International Herald Tribune.*

## We Need More Than Khatami's Welcome Words

FOLLOWING pressure from the European Union, Iran signed the Chemical Weapons Convention. This is a positive step, which we welcome. Now it will have to live up to its commitments, including to allow intrusive inspections.

Iran is an example of the sort of challenge we are facing. We have all been encouraged by the positive political developments there. The remarkable election of President Khatami has led to a new freedom of speech for the Iranian people and a different sort of rhetoric from the Iranian regime.

Mr. Khatami's address to the American people on CNN would have been unthinkable a year ago, and Iran's condemnation of terrorist atrocities in Libya and Egypt scarcely less so. It is right that we should respond to these developments, and encourage them.

But despite the more moderate

noises coming from Tehran, these first shoots of glasnost need to be treated with care. There is more than one center of power in Iran. We cannot afford to let our guard down until Mr. Khatami's words are matched by the acts of the Iranian authorities as a whole.

That means a total end to Iranian use of assassination as a political weapon, and to clandestine Iranian support for terrorist organizations. It means Iran giving up its ambitions to develop weapons of mass destruction outside international controls. It means Iran removing its threat to the life of the British author Salman Rushdie.

And more than anything else, it means Europe and the United States working together to stop Iran from getting away with these unacceptable aims.

—Robin Cook, the British foreign secretary, commenting in *The Washington Post*.

## Typically New British, Blair Loves and Fears Europe

By Michael Elliott

NEW YORK — Tony Blair's Paris speech last week was a milestone: Not only was it the single best elucidation ever, of what he stands for. It was in fluent French, delivered with just the hint of a Provençal accent.

There is a decent test that separates English-speakers who are really at home in French from those who are just bluffing: whether or not you can use abstract nouns (abhorrent in English) without giggling. Mr. Blair tossed them about like a salad.

*Vision, exclusion, cohésion*, they were all there — even (this is a real shocker) *la construction européenne*, a phrase much loved in Francophone Europe but which in English is just about meaningless.

In Paris, Mr. Blair, who has gone through a lackluster patch, was thoughtful and sensible.

His credo for the future development of the European Union — integrate where it makes sense to do so, otherwise celebrate diversity — is a sound basis for policy.

He tempered his pragmatism — which the British think a virtue, and everyone else the vice of dithering — with the claim that he shared "the European idealism." And indeed, in a British way, he does: he once worked in a Paris bar, and he vacations in France and Italy.

His political appeal — in this and other matters — is that he is genuinely typical of modern Britain. As a person, he is wholly at ease in Europe, likes the people there, raves about the food, enjoys the rays of the warm south; but as a political animal, he harbors lingering

doubts that across the Channel, they're a shifty lot who don't play by quite the same rules. His love for Europe is not without reservation.

I borrow this love stuff from the Italian columnist and author Beppe Severgnini, with whom I spent an enjoyable couple of days in Milan last week.

The Italians really know how to love Europe. Italy approaches Europe, says Mr. Severgnini, like a pretty young girl about to be married. She is besotted; life with her beau is going to be wonderful, their house will be beautiful, they will be rich and happy forever.

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band-to-be being honest about his assets? Will he raid her dowry as soon as she's wearing his ring? The risk — but this you had already guessed — is that handsome Europa gets fed up with Britannia's caution, and she dies an old maid.

It is not hard to fathom why these differences should run so deep. If you had been governed by your capital as Italy has been by Rome, you would want to try something else, too — even Brussels.

For Italy, and even more for Spain, Portugal and Greece, signing on to every manifestation of the European construction is a symbol of modernity and political sophistication.

In its recent past, whether because of the memory of war, fascism, domination by a powerful neighbor or plain bad government, every country of the EU can find a decent reason for pursuing further political integration. Except Britain (O.K., Sweden, too — a subject for another time.) The modern British state has never had a cause of legitimacy, although it came pretty close in 1974.

That being the case, Britons will always be able to find a degree of illegitimacy in the suggestion that they should cede powers to bodies outside of their shores.

At the end, that is the problem that dogs British participation in European monetary union — not all that technical stuff about economic cycles being out of sync. For Britain, monetary union is a dangerous leap in the dark, an experiment that could go badly wrong.

For the rest of Europe, it is just a part of the marriage contract — actually, the most im-

portant part, like agreeing to share the same bed. (The combative metaphors stop here.)

If you don't sign up for monetary union, you're not a real player, as French Industry Minister Dominique Strauss-Kahn, an engaging troublemaker, likes to remind his British friends. (In perfect English, not anyone makes a point of it — which is the point.)

In London, ministers and civil servants are acutely aware of this. As one senior official told me last week, the task facing Britain between now and 2002, when it might — might — join monetary union, is to limit the leakage of British influence on Europe. But that there will be some leakage, nobody in London denies.

It would be nice to think that all this high politics is not what Europe is really about. Instead it is more pleasant to conjure up the Europe that many already enjoy. For people younger than 30, says Carlo Bonini of the Corriere della Sera, London, Rome and Paris are like "boxes in a common space."

Soft Europe, people's Europe — Tony Blair's Europe — is a place bound together by the Eurailpass and student exchanges by holiday homes in Tuscany and boozing with the Germans in Majorca, by counting the days to the World Cup.

But hard Europe, text-and-treaties Europe, everywhere-but-Britain Europe, is a place where membership of a club founded on idealism imposes political obligations.

No amount of abstract nouns gets you round that uncomfortable truth, whether or not you speak them in perfect French. *Newsweek*.

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1898: Queen's Efforts

VIENNA — So far only Austria and France are participating in forming a "revisionist" bloc, which includes 116 Deputies. The latter will endeavor to revise the Constitution in the sense of complete autonomy of the different provinces. The Government counts on the support of 197 Deputies hostile to such revision.

### 1943: Slayings in Italy

ROME — The heads of Italy's police and armed forces were summoned to a conference on public order when news reached Rome of at least seven apparently political slayings in the past twenty-four hours. The disorders were probably the worst since this country began its critical national election campaign. Throughout Italy Communists have charged as an important part of their campaign that the poor are made to pay too many taxes.

## Herald Tribune

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## INTERNATIONAL

# This Time, Yeltsin Says No 3d Term

**But President Declines To Endorse a Successor, Not Even Chernomyrdin**

By Michael R. Gordon  
New York Times Service

MOSCOW — Boris Yeltsin said Monday that he would not run for reelection in 2000, throwing the door open to a bevy of would-be successors.

Since he dismissed his cabinet last week there has been considerable speculation that Mr. Yeltsin was laying the ground work for a third term in office by ridding the government of his heir-apparent: Prime Minister Viktor Chernomyrdin.

But Monday, Mr. Yeltsin said he was dropping out of the presidential race. At the same time, the 67-year-old president refrained from endorsing any of the potential candidates.

Mr. Yeltsin's comments punctuated a bewildering week in Russian politics, which saw the departure of top aides, the appointment of a 35-year-old technocrat as prime minister and announcement by Mr. Chernomyrdin that he would run for the presidency and begin to criticize the government.

Mr. Yeltsin has sent mixed signals regarding his future ambitions. Last year, he initially indicated he did not plan a third presidential term. But in October, he declined to exclude the option.

The shock waves of the cabinet dismissal continued to reverberate throughout Moscow, as Mr. Yeltsin continued to flesh out his new regime.

Sergei Stepashin, the current justice minister and former aide who encouraged Mr. Yeltsin to begin Russia's disastrous war against Chechen separatists, was named interior minister. He took the place of the hawkish Anatoli Kulikov.

In the Parliament, the Communists rallied against Mr. Yeltsin's choice as prime minister. Sergei Kiriyenko, But they stopped short of threatening a slowdown over his appointment.

The Communist leader, Gennadi Zyuganov, said that Mr. Yeltsin should withdraw the appointment until Mr. Yeltsin and the opposition has discussed the government's new appointments. Mr. Yeltsin said, however, that he expected Mr. Kiriyenko to be approved.

Under Russia's law, Mr. Yeltsin can call for new parliamentary elections if the legislature three times rejects his choice for prime minister. Most analysts say that the parliamentary deputies are not eager to risk their jobs and perquisites in an early election.

Article 81 of the Russian Constitution limits anyone from serving as president for more than two consecutive terms. But Mr. Yeltsin's aides claim to have found a loophole in the law.

They say that that constitution went into effect during Mr. Yeltsin's first term of office. Since Mr. Yeltsin has only been elected once under the current constitution, they say, he should be free to run again. Given Mr. Yeltsin's attachment to power and his intolerance for anyone who seems to encroach on his authority few would be surprised if he changed his mind.

Mr. Yeltsin discussed his plans Monday before meeting with Secretary-General Kofi Annan of the United Nations. Mr. Yeltsin sought to defend his decision to dismiss Mr. Chernomyrdin from the post of prime minister and reassign him to the vague job of preparing for the 2000 presidential elections.

"We need a strong leader for that," Mr. Yeltsin said, referring to Mr. Chernomyrdin's new position. "And considering that I am dropping out of the elections."



THAWED OUT — Cadets from the Mojaysky Military Space Academy in Russia returning Monday from a failed ski training trip at St. Petersburg. The training was canceled because the snow had melted.

## Marathon Peace Talks Start in Belfast

Continued from Page 1

BELFAST — Northern Ireland's political parties began a last-ditch round of talks on Monday to meet an April 9 deadline for a political settlement to end three decades of conflict.

George Mitchell, the former U.S. senator who is chairing the talks, has set the deadline for the British and Irish governments and eight parties to reach agreement on a new system of government for Northern Ireland.

Negotiators are expected to work from morning to night until Friday, then resume again Monday, taking breaks only to eat and sleep.

"The Irish government do not view these negotiations as a win-lose contest," Prime Minister Bertie Ahern of Ireland told British and Irish lawmakers at a conference in rural County Cavan, Ireland. "We simply do not have the luxury of time," he said. "Time is

very much the enemy in a situation where the opponents of peace are actively seek-

ing to make agreement impossible through the stepping up of violence."

The negotiations at Stormont, the center of British administration in east Belfast, are supposed to be reinforced by cease-fires by Northern Ireland's major paramilitary groups.

The Irish Republican Army, supported by militant Catholics, has held fire for eight months; the Ulster Defense Association and Ulster Volunteer Force, rooted in pro-British Protestant areas, have maintained an October 1994 truce.

But members of both camps have violated the truces sporadically. And dissident gangs opposed to the talks have committed a series of sectarian killings.

The latest victim, a retired Protestant policeman shot outside a supermarket, was buried Sunday. A small anti-British group called the Irish National Liberation Army claimed responsibility.

The outline of a political settlement has been evident since the British and Irish governments published joint rec-

ommendations in January. The governments want Protestants and Catholics to govern Northern Ireland in a coalition and simultaneously send representatives to a new cross-border council with lawmakers from the Irish Republic.

Participants in the talks consider such an accord possible between the two largest parties: the Ulster Unionists on the Protestant side and the Social Democratic and Labor Party on the Roman Catholic side. A longer shot would be an agreement that includes both the Ulster Unionists and Sinn Fein, which seeks the end of Northern Ireland's separation from the rest of Ireland.

On Sunday, Prime Minister Tony Blair of Britain met with the Ulster Unionist leader, David Trimble, at the prime minister's official country retreat, Chequers. But as Mr. Trimble arrived at Stormont, he said there was only "a possibility" that his party's disagreements with Catholic leaders could be resolved.

(AP, Reuters)

## Military in Indonesia Begins Sifting Returnees

Continued from Page 1

JAKARTA — The military said Monday that it was questioning hundreds of Indonesians who were deported from Malaysia about whether they belong to a movement fighting for independence for the province of Aceh.

A regional military spokesman, Lieutenant Colonel Agus Ramadhan, said that the Indonesian deportees were being questioned in Lhokseumawe, a port town in Aceh.

An Indonesian Navy ship brought more than 500 deportees to Lhokseumawe on Friday, a day after a riot at a detention camp in Malaysia resulted in the death of eight Indonesians and one

Malaysian police officer. Acehnese separatists, reportedly afraid of being returned to Indonesia, have been blamed in Kuala Lumpur for inciting trouble at the camp.

Major General T. Rizal Nurdin, the northern Sumatran military chief, was quoted by the Indonesian newspaper Suara Karya as having said that some suspected Acehnese rebels were probably among the newly arrived deportees.

General Nurdin said those who supported the rebel group would be counseled to give up the secessionist cause before being returned to their homelands.

They knew they had nothing to lose," said Elizabeth Wong, a spokesman for Suaram, a human rights group that has followed the plight of the Acehnese.

Representatives of Acehnese groups in Malaysia and Singapore say that at

least 30 Acehnese died during or following the riots Thursday.

Malaysian police said that five detainees were killed during the riots, two during hand-to-hand combat with the police, and that three died during deportation.

"We wanted to examine their cases before, but we were denied access," said Mr. Koefner.

These people feel they are in danger of being deported. And they feel they are in danger if they return."

Representatives of Acehnese groups in

back home. Malaysia has ignored requests from the high commissioner to allow officials to speak to the hundreds of Acehnese detained in camps. The UN has classified the Acehnese as political refugees.

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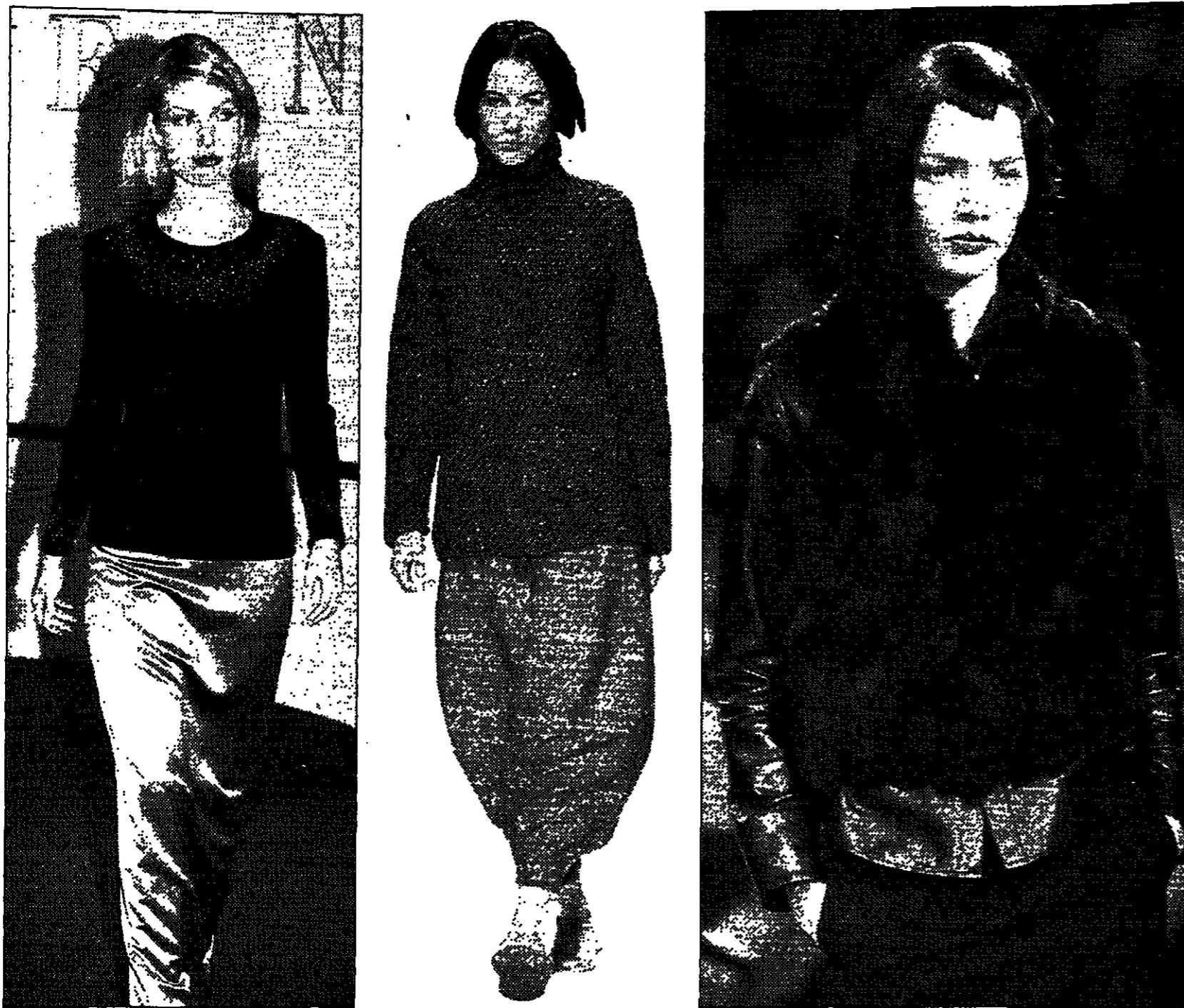
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Josie Natori's sparkle sweater and silk-cotton skirt; DKNY's bias-cable-knit sweater and bell-shaped skirt, and Daryl K's fur jerkin over leather shirt.

## Feminine and User-Friendly for Fall

By Suzy Menkes  
International Herald Tribune

**N**EWS YORK — The American shows have opened with a woman's take on fashion — and that means femininity with a feel-good factor.

- Soft but strong is the message spelled out in fall's simple sportswear pieces given an extra dimension with fluffy or felted surfaces. The basic components are an unfined coat or jacket in double-face wool, an easy sweater, a pair of slouchy pants and a long skirt — one that lands just over the knee. Within that combination are complex cuts, fabric mixes and fancy knitted stitches to make the ordinary seem interesting.

It all adds up to user-friendly dressing for next fall — and that is what Donna Karan has back to her in her DKNY line, which in recent seasons had tried hard to be hip, but has now recovered a womany serenity.

"It's a state of grace," said Karan of the collection of long dresses and skirts cut to a cylindrical shape, shown simply with loose hair and flannel slippers or sneakers. The graphic shades of gray, with black and cream and the occasional stroke of bright color, added to the sense of harmony.

The show was about feeling, as tops came in fleece, fluffy mohair and heather-knit and the skirts were felted to make them thick but light.

Karan praised her long-serving assistant, Jane Chung, as designer of DKNY. She might also have given a nod

to Yohji Yamamoto and other avant-garde creators who initiated the bias-cutting and seaming that make clothes into soft sculptures and give a new geometry to post-feminist skirts and dresses.

But Karan made the collection her own with its injection of American ease and fresh-as-paint color, like a fuchsia-pink sweater, scarlet dress or blue-green and lavender velvet for evening. Although the cutting occasionally seemed tricky, especially for the shorter bell-shaped skirts, this was fashion with comfort on the agenda.

Last week, Karan announced a strategic move to galvanize her company after disappointing financial results. She has entered into an alliance with Onward Kashiyama Co., which will replace the Donna Karan affiliate that formerly operated in Japan. Twelve new boutiques, including nine for DKNY, are planned under Onward Kashiyama's exclusive

manufacturing and licensing deal.

The Irish-born designer Daryl K did a funkier and more inventive version of the touchy-feely look in her show Sunday. The guttering candelabra at the end of the runway and the oddball, flea-market chairs scattered in the front row hinted at the Gothic mood pervading her show.

That meant not just Cher-style hair and Crusader thigh-high boots, but the subtle use of medieval themes, especially fancy sleeves: dress arms given a bell curve, colored satin ribbons under the shoulder seams, or ribbon ties at the elbow.

These special effects overlaid a powerful collection of sexy separates, with pants either page-boy short or very long, but always cut taut and low at the hips. They might have an inserted band of color, a zipper or a drawstring waist, while skirts were Cossack-style or hug-me-tight in stretch materials. Occasionally, the effects were weird; most worked well.

And in a bland New York fashion scene, Daryl Kerrigan's inventiveness and imagination are refreshing.

Josie Natori celebrates 21 years in fashion with a coming-of-age of her collection. After starting as a lingerie and at-home-wear designer, Natori is showing a complete line for the first time, from double-face coats, jersey dresses and mandarin-collar tops

through evening jackets made of antelope. They, like pagoda sleeves, kimono coats and rice-paper embroidered patterns, trace the designer's Asian roots in her native Philippines and give her conventional pieces a twist.

"There is an East-West feeling — but not in an ethnic way, just shapes of jackets based on the kimono in the very finest Italian fabrics," said Natori, who encourages potential clients to stroke the luxurious jersey, wool crepes and liquid silk-and-cotton fabrics and to examine the beading scattered like pearls of caviar. Although not inventing anything new, Natori is offering women sophisticated clothes in modern materials.

"I'm ready for this after 20 years in fashion," she said. "And who understands a woman's life better than a woman?"

**S**IGNIFICANTLY, the New York calendar, which runs through the week, has a far higher proportion of women designers than the European collections. The shows are now back in central Manhattan at Bryant Park, with sponsorship from General Motors, and were opened with a fanfare by Mayor Rudolph Giuliani. The title of Monday morning's first show could be a pointer to the American season: "Girls Rule."

## BOOKS

### THE CHILDREN

By David Halberstam. 783 pages.  
\$29.95. Random House.

Reviewed by Melissa Fay Greene

**I**t is a great season for readers of serious nonfiction. Two long-awaited, bigger-than-life multitudinous works of civil rights history, starring famous Americans and casts of hundreds, are here: Taylor Branch's incomparable "Pillar of Fire" and now David Halberstam's uneven but stirring "The Children." Halberstam's 783-page tome tells a more narrowly focused story than Branch's 746-page one, for while Branch has within his sights the entire era, with an encyclopedic grasp of politics, locales and personalities, Halberstam is interested chiefly in the hearts and minds of the movement's student leaders.

On May 20, 1961, 20 black and white college students aboard a Greyhound bus, self-styled "Freedom Riders," carried their campaign to desegregate interstate bus terminals into an ominously quiet Montgomery, Alabama. "It was late Saturday morning," Halberstam writes, "virtually the middle of the day, a time when any Southern city was crowded. Yet not a soul was moving. No one was walking on the streets, nor were any cars about. The bus made a big, lazy

swing into the station. There was no one there. It was like pulling into a ghost bus station in a ghost town. As they prepared to get off the bus, Bernard Lafayette knew something was wrong."

A few of the passengers already had been attacked by a mob at the Birmingham station on May 14 — Police Chief Bull Connor later would explain that the absence of police was due to their celebrating Mother's Day. Outside Anniston, Alabama, that same day, another bus was forced off the road and set afire, with the young Freedom Riders barricaded inside: "Well, boys, here they are. I brought you some niggers and nigger-lovers," the bus driver had called out to the mob; as the students began choking inside the bus, they heard rioters yelling, "Let's roast the niggers!"

One plainclothes police official had forced the violent crowd to stand back. By the time the replacement bus drew into eerie Montgomery, the students, not fooled by the city's silence, once again prepared themselves for the possibility that they were about to die at the hands of a mob.

Halberstam delivers these oft-told chronicles and famously photographed scenes with freshness and immediacy, through the eyes of the dozen young people who formed the nucleus of leadership in the nascent civil rights movement, the religious, passionately driven, unpredictable, inventive, Nashville-based founders of the Student Nonviolent Coordinating Committee, who led sit-ins, Freedom Rides, and voter registration drives, putting their bodies at risk, their college educations on hold and their parents in a panic.

Now-famous activists like Julian Bond, John Lewis, Robert Moses and Marion Barry, and less well-known leaders like the Reverend James Lawson, Diane Nash, James Bevel, James Farmer, Robert Zellner, Curtis Murphy, Gloria Johnson, Bernard Lafayette, Hank Thomas, Rodney Powell, and Jim Zwerg have seen their versions of events included in comprehensive

histories of the era, or have published their own memoirs, but the group's collected tales have not been assembled quite like this before.

Halberstam offers biographies on most of the major protagonists, so that the reader is aware of the inner ground covered by each of "the children" who abandoned their lecture halls, dormitories and campus fraternities and signed up for suicide missions into the Deep South; one stands nervously with them in the aisle of the bus as they contemplate what invisibly awaits them at the Montgomery station.

The reader has been well-informed of the poor or working-class parents back home on the farm, who desperately scrawled together the means to finance these sons' and daughters' college educations, and who now must cope with the reality that these brilliant children, these star students, these scholarship winners, have bent their talents to nothing less than overturning the old order, the Southern Way of Life.

During the Freedom Rides, Halberstam makes clear, power begins to shift from the older generations to the young: Not only must the generation of black parents symbolically stand aside as their young people take up the struggle, but also the tyranny of the older generation of whites begins to slip. The students magically attract the brand-new medium of nightly television news; they comprehend the notion of a "sound bite" decades before the term is coined, and, with news crews following them everywhere and relaying images of the brutal attacks on them, they win the attention and sympathy of the majority of television-viewing Americans and, finally, of the Kennedy White House.

To accomplish all this, however, they must become fodder — not for cannons but for cameras — by luring the hidden beast of racism out of hiding.

The silence which greeted them in Montgomery was the exact same silence which had greeted the first riders when they had reached Anniston, the terribly

unnatural quiet just before the storm. Lewis got off the bus [and] had just begun to answer questions from the various reporters when he saw the mob, coming, it seemed, out of nowhere, moving at them quickly and angrily. They went for the journalists first, particularly the photographers. Lewis was startled by the violence of it. These were men and women who had turned into animals."

While Branch's book unfolds as a stunningly detailed chronology, Halberstam's book builds upon feelings — a more nebulous realm for a journalist, even for such a justly celebrated journalist as this one, and a slightly more confusing approach for a reader.

Inside the buses, for example, although the scenes are emotionally vivid and almost unbearably powerful, simple details are lacking, such as how many people are on each bus and who they are.

Also odd, for a book so devoted to the protagonists' emotions and impressions, is the fact that the only voice in the book is Halberstam's.

"The Children" is like a magnificent work of oral history, with the peculiar drawback that every idiosyncrasy of voice, accent and intonation has been blended into the narrator's one long, uninflected, almost uninterrupted monologue. Perhaps for this reason, the book feels long. It feels as if it needed editing not by someone in awe of Halberstam but by someone equal to his gifts and intensity of his garrulosity.

Nevertheless, within this book live stories of timeless heroism, poignancy and power, so that one's reaction, finally, is that here is an embarrassment of riches. Included here are stories so fraught with hatred and hope, violence and suffering, fear and courage, that one reads the book gripping it with both hands, almost afraid to turn the page.

Melissa Fay Greene, author of "Praying for Sheetrock" and "The Temple Bombing," both National Book Award Nonfiction Finalists, wrote this for The Washington Post.

## Zen and the Art Of Hotel Serenity Loft Life at SoHo's Mercer

By Suzy Menkes  
International Herald Tribune

**N**EW YORK — With the opening of The Mercer in downtown Manhattan, the SoHo loft has reached its Zen. The chic serenity of the new small-scale hotel is drawing a stylish crowd even before the room service is running and with the eat-in-the-kitchen restaurant still under construction.

The 75-room hotel — a long-awaited project from Andre Balazs (owner of Chateau Marmont, the stars' Hollywood hangout) — gets its baptism by fashion on Tuesday, as Vogue and The New Yorker hold a joint book for the fashion illustrator and commentator Michael Roberts.

To appreciate the new hotel's subtle and sumptuous take on loft life,

you have to see the generous bathrooms opening their folding doors into the airy living space and the beds with their beige-toned linens blending with the wood-block floors.

This mellifluous minimalism has been created by Christian Liaigre, a Paris-based furniture and interior designer, whose noble sculptured African-inspired stools and tables in wenge and iroko woods furnish the hotel. The result is a marriage of Franco-American style that seems both international and homey. Think of a bedroom where there are three telephones (including a portable), a CD player and a lounge lizard's lilac banquette — but also a foyer where guests are welcomed with artsy books (the paintings of Alex Katz, the life of Paul McCartney and the art of Africa).

"There hasn't been a small hotel built in New York since the Stanhope and the Carlyle in the 1920s," said Balazs, who took over in 1989 the six-story brick building that was built a century earlier as offices for John Jacob Astor II.

Balazs, in his crisp white shirt and beige chinos, color-coordinated to the tobacco-leather room divider and the rough-weave duvet, seems like a fashion creature. Indeed, he is married to Katie Ford, the president of Ford Models. But The Mercer has been an exciting and demanding development, eight years in the making, as Balazs jugged the investment finance and struggled to create the SoHo spirit of the hotel from scratch while satisfying the historic landmark standards. That

is why the fledgling hotel doing? Well, you can't yet get a cup of coffee, or an alcoholic beverage. But Leonardo DiCaprio calls it his New York home away from home. And where he lays his pretty head, fashionable folk will surely follow.

meant redefining the back walls and restoring the metal grid that filters light into the basement restaurant.

The result might best be described as a hotel for people who don't like hotels. Or, rather, for people whose professions oblige them to be constantly on the move, but who yearn to find a stylish place with no corporate conferences, tourist groups or soulless high-tech gadgets.

"There are different kinds of hotels," Balazs said tactfully. "Some provide spectacle, some the amusement that Disneyland offers. Some hotels offer comfort, a warm embrace and make you feel that you have finally arrived at home."

But was home ever as perfect as this paradise of post-minimalism with its touches of mauve, yellow and aqua among the pallid neutrals?

"It is sensual simplicity as opposed to stark minimalism," said Balazs of Liaigre's design.

Why is the opening of a small downtown New York hotel significant? In the world of interiors, it will mark the moment when America gave its seal of approval to Liaigre.

It is also a seminal moment in the hotel world, as a new generation demands a different kind of experience from the bellhop, flunky and maître d'. Those snobby scenes in "Titanic" highlight the fact that for modernized consumers, class-ridden service has become a period piece.

"Very few people who travel today have grown up with servants — most people aren't used to a white-gloved doorman," explained Balazs. "I believe in traditional service — I don't hire staff through a casting agency. But service should be understated, not thrust upon you."

**T**O some, the laid-back, designer-clad style police at the door are just as intimidating as the old-fashioned flunkies. But Balazs has proved at Chateau Marmont that from art directors through rock stars, the new fashionables like informal luxury. The Mercer's rooms, priced from \$295 for a basic room to \$1,500 for a suite, are designed to appeal to a similar clientele.

How's the fledgling hotel doing? Well, you can't yet get a cup of coffee, or an alcoholic beverage. But Leonardo DiCaprio calls it his New York home away from home. And where he lays his pretty head, fashionable folk will surely follow.

## To the Rescue

IMF bailouts during

Thailand: \$17 billion

August 1997

China:

Japan:

South Korea:

Argentina:

Chile:

Peru:

Uruguay:

Colombia:

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and the Art  
otel Serenity  
fe at SoHo's Mercer

redefining the back wall, the  
restauranteur says. The result might best be described  
as a hotel for people who don't  
travel. Or, rather, for people who  
prefer to travel, but who don't  
want to leave their home.  
The rooms are different kinds of  
beds, said tactfully, some that  
Disneyland offers.  
"It makes you feel that you  
are at home."

"It's like staying at home ever as per-  
fectly as possible, in native, yellowish  
and simple rooms," said Bill  
Camdessus, managing director of the IMF.

Why is the opening of

a New York hotel

in the world of international

travel? "Because it's a

central moment

in the world as a new general

and different kind of experience

is coming along."

That's why, in "The

Hotel Serenity,"

the lobby is

decorated as

the interior of a

home.

It's a place where

you can get a

room from an e-

conomy service —

but it's also a place

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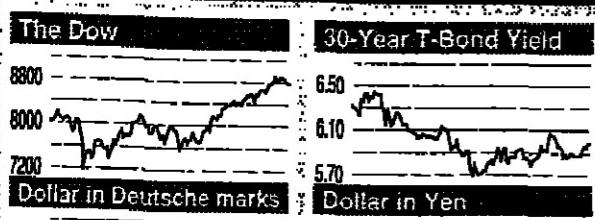
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## THE AMERICAS

## Investor's America



## Nikkei's Slide Fuels Dollar Against Yen

Compiled by Our Staff From Dispatches

Copied by Our Staff From Dispatches

**NEW YORK** — The dollar soared against the yen and was higher against other major currencies Monday, helped by the failure of Japan's government to prop up the country's stock market and by the prospect of a U.S. interest-rate rise later this year.

At

3 P.M. the Dow Jones industrial average was down 35.58 points at 8,795.08. Declining stocks outnumbered those that advanced by a 17-to-11 ratio on the New York Stock Exchange in midmorning volume of 336 million shares.

The Standard & Poor's 500-stock index was down 3.54 points at 1,091.90, and the Nasdaq composite index was down 6.34 points at 1,823.79.

At 3 P.M. in New York, the dollar was at 132.065 yen, up from 128.275 yen at the close on Friday. It rose to 1.8482 Deutsche marks from 1.8191 DM.

The dollar also fetched 1.5235 Swiss francs, compared with 1.4861 francs, and 6,191.25 French francs, compared with 6,0974 francs. The

U.S.	S&P 500	1092.44	1086.82	-6.62
U.S.	NYSE Composite	567.90	563.02	-4.88
U.S.	Nasdaq Composite	1,615.61	1,624.04	+8.43
U.S.	AMEX Composite	726.17	728.28	+2.11
Toronto	TSE Index	7,616.60	7,619.70	+3.10
Sao Paulo	Bovespa	11,750.00	11,697.71	-52.29
Mexico City	Bolsa	581.47	583.18	+1.71
Buenos Aires	Merval	7,135.71	7,108.88	-24.83
Santiago	IPSA General	1,928.44	1,928.60	+1.14
Caracas	Capital General	7,788.00	7,855.10	+1.14

Source: Bloomberg, Reuters International Herald Tribune

## FOREIGN EXCHANGE

pound fell to \$1.6780, from \$1.6780.

The dollar rose to a two-and-a-half-month high against the yen amid signs that Japan's plans to use public funds to prop up the stock market will not be sufficient to avert a recession.

The benchmark Nikkei 225 stock index fell 2.84 percent to a five-week low of 16,263.04, as investors sold Japanese stocks and used the proceeds to invest outside of Japan, which has suffered an eight-year

slump. "I'd be a buyer of dollars," said Steve Barrow, a currency strategist at Bear Stearns International, who expects the dollar to climb to 145 yen this year. "Until the Japanese economy shows some signs of stabilizing, the market can't be sure the government has done enough to solve its problems."

The dollar trend looks higher, especially if the Fed tightens, not tomorrow but in the next few months," said Chris Iggo, an economist at Barclays Capital.

He also said traders were pessimistic about the Bank of Japan's quarterly economic report due on Thursday.

Markets paid little attention to a prediction made by Chancellor Helmut Kohl of Germany that he expected noticeably more employment in Western Germany by the end of the year but that Europe's currency union was not likely to create new German jobs in the short term.

At the same time, investors were delighted with the pound's prospects. Britain does not plan to be among the first wave joining monetary union next year and might still raise interest rates. (Reuters, AFP)

foot (4,500 square-meter) site in Xiamen in Fujian province.

"One of the major reasons for our investment in China is to set the platform, the foundation and the infrastructure to support our customers for the decades ahead," said Phil Kelly, president of Dell's Asia Pacific unit. "When the time is right, we will bring the direct model to China."

Mr. Kelly declined to predict when China would be ready for the direct sales approach but conceded that Dell's activities in China were an indication it could happen sooner rather than later.

Mr. Topfer said Dell was likely to work through distributors for a while. Dell uses the direct method in 11 Asian countries and sells through distributors in another 39.

Dell maintained a strong outlook in particular for Malaysia and Thailand, where it posted growth of 100 percent during the financial year, Mr. Kelly said.

**Sony Corp.** plans to combine its Columbia Pictures and TriStar Pictures movie studios into one unit; Sony will distribute films under the Columbia banner, while the TriStar trademark and name will continue to exist.

**The U.S. Commodity Futures Trading Commission** issued a special warning for investors to be on the lookout for fraudulent trading schemes involving foreign currencies.

**Walgreen Co.**, the largest U.S. drug-store chain, said its earnings for the quarter ended Feb. 28 jumped 16 percent to \$171 million, compared with the like period a year earlier.

**Koo Koo Rro Inc.**, the Los Angeles-based restaurant operator, named Lee Iacocca, the former chairman of Chrysler Corp., as its acting chairman.

**Texaco Inc.** said it would buy back up to \$1 billion of its common stock in the company's second share repurchase program in two years.

**Coca-Cola Co.** expects its beverage sales to rise 13 percent to 14 percent in the first quarter, spurred by strong consumption in Latin America and Asia. (Bloomberg, AP, Reuters, WP)

## Weekend Box Office

**LOS ANGELES** — "Titanic" dominated the U.S. box office over the weekend, with a gross of \$16 million.

Following are the top 10 moneymakers, based on estimates for Friday through Sunday.

1. Titanic	2. Gente	3. Primary Colors	4. The Man in the Iron Mask	5. What Women Want	6. Good Will Hunting	7. As Good As It Gets	8. U.S. Marshals	9. The Newton Boys	10. Mr. Nice Guy
20th Century Fox (Paramount)	Universal	Universal	United Artists	Columbia Pictures	TriStar	Miramax	Warner Bros.	CBS/Columbia	New Line Cinema
\$16 million	\$13 million	\$7.5 million	\$6.6 million	\$5.8 million	\$4.5 million	\$4.2 million	\$4.2 million	\$3.6 million	\$2.6 million
1,700	1,600	1,500	1,400	1,300	1,200	1,100	1,000	900	800
1,700	1,600	1,500	1,400	1,300	1,200	1,100	1,000	900	800

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Charles Schubert, a prominent source of information, says a recent cut in interest rates has been reflected in the market. The latest cut, which is expected to affect all companies based in France, is due to the fact that the new benchmark is now being used by most companies.

## To Our Readers

## in Czech Jetmake

## France Tailors Bonds for Benchmark Status

By Carl Gewirtz  
International Herald Tribune

**PARIS** — In a bid to lay claim to benchmark status for its government bond market, France's Finance Ministry on Monday announced plans to roll eight small issues into four large ones.

The move is aimed at making its market more competitive in the huge pan-European bond market that will emerge when 11 EU countries create a common currency, the euro, at the start of next year.

Swapping smaller franc-denominated issues into euro-denominated ones will offer institutional investors an assurance of always being able to trade large volumes with minimum effect on price.

The new debt will give Matif, the Paris financial futures exchange, an instrument that can lay claim to the title of euro-benchmark. A benchmark is the lowest

possible interest rate, which other EU issuers can base the price of their debt on.

Increased activity for Matif enhances Paris's claim to being an important financial center. Although London is widely expected to retain its position as the hub of Europe's financial activity, Frankfurt — home to the European central bank — and Paris continue to vie for supremacy on the Continent. Matif has been losing volume to its competitor in Frankfurt.

"It's quite a nice idea. It reshuffles the debt and gives a boost to market activity," Philippe Brossard, head of research at ABN-Amro Financier in Paris, told Reuters. "You can argue that this marginally helps France get a nice position for the euro benchmark."

About 6 percent of the total stock of negotiable French government debt is now denominated in European currency units, which will be converted to euros in Janu-

ary. At the conversion at the start of next year, one Ecu will equal one euro.

Of the 32 billion of existing debt that is denominated in Ecus, the government is offering to exchange 17 billion Ecus (\$18.5 billion) of debt in eight different maturities into the four jumbo maturities.

The four new issues will mature in 2000, 2002, 2003 and 2008. The issues that can be exchanged for the new paper mature between 2000 and 2010.

The recent strong bond rally has lifted prices of the coupons on both sides of the swap above current market levels, so investors will receive cash for their holdings and the cash will be used to purchase the new investments.

The aim is to offer the highest liquidity without upsetting the holders of the paper by offering securities with similar maturities. Finance Ministry sources told Reu-

ters. Treasury officials estimated that if all holders accept the swap, 300 million Ecus of new debt will be created because the premium at which some of the old paper is trading is quite substantial. Despite the increase in overall debt, Treasury officials insisted that through lengthening the maturity profile and reducing interest paid, the government would save money on debt service.

How much will be saved cannot be known until the operation is completed. Institutional investors will have until April 9 to accept the offer and private investors until April 15.

The Treasury estimates that the average U.S. Treasury issue amounts to about the equivalent of 11 billion Ecus and that the average French issue is some 10 billion Ecus. This compares to averages of 6 billion Ecus on Italian government debt and 5 billion Ecus on German government debt.

## LVMH Shares Hit by Woes At DFS Group

Bloomberg News

**PARIS** — Shares in LVMH Moët Hennessy Louis Vuitton SA fell 2.1 percent on Monday after its dairy unit, DFS Group Ltd., said it was delaying payments for two months to more than 40 suppliers to offset slowing sales in Asia.

The shares closed at 1,288 French francs (\$211), down 27 francs, on the Paris Bourse.

LVMH, the world's largest maker of luxury goods, bought 61.25 percent of DFS early last year to bolster the distribution of its products in Asia. That was just before falling currencies and stocks in the region worsened the economic slowdown in Japan, whose tourists account for 65 percent of DFS sales.

DFS sales in the first two months of this year fell 20 percent, compared with a year earlier. LVMH said, causing its own sales to slide 5 percent.

"It's one way of dealing with the difficulties in Asia," said Jean Weisse, an analyst at CPM Finance in Paris. "Psychologically, it's yet another sign their problems in the region are far from over."

DFS wrote to its suppliers asking for a 90-day payment period instead of 30 days, an LVMH spokesman said. DFS remained determined to impose the terms despite protests from suppliers, the spokesman said.

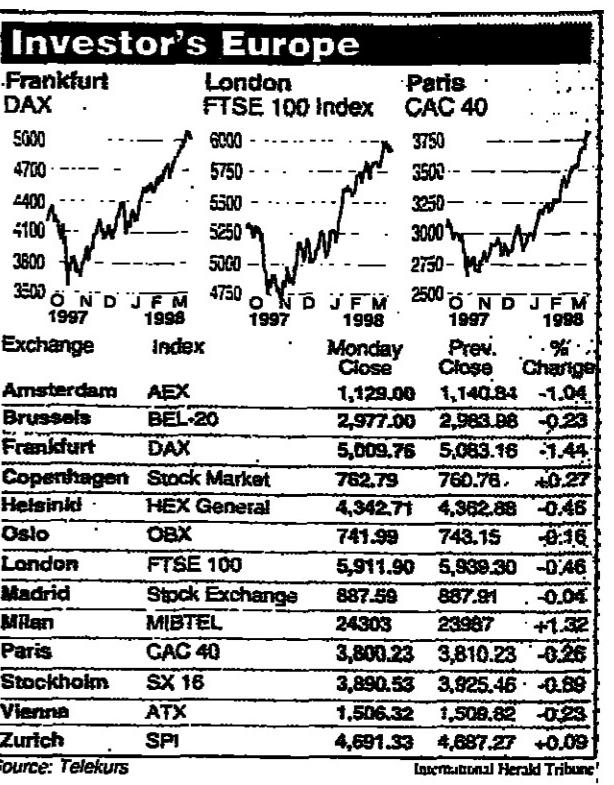
LVMH is planning to cut costs by 1.2 billion francs at DFS over the next 18 months to offset the sluggish sales and a fall in profit. It also plans to diversify its activities to lighten its exposure to struggling Asian markets.

DFS reported a 67 percent decline in operating profit last year to 578 million francs.

Japanese economic problems have cut deeply into DFS sales, especially in Hong Kong, a favorite destination of Japanese tourists and DFS's major market. The decline in tourism in the region is expected to continue, LVMH said.

Bernard Arnault, the LVMH chairman, said DFS would undergo a three-year plan that included "significant" reductions in spending.

"In the area where DFS operates, we're hoping to reduce costs substantially and are convinced that in three years, the cycle will come back," he said.



Source: Telekurs International Herald Tribune

## Very briefly:

• New Decaux PLC, a unit of the privately owned French advertising company Decaux SA, has offered £475 million (\$790 million) for More Group PLC, of Britain, bidding Clean Channel Communications Inc.

• The European Union and Russia have agreed to remove all quotas on trade in textiles by May 1, concluding three years of talks. Russia will remove the import quotas on EU carpets that it imposed for one year on March 19, while the 15-nation EU said it would not renew unilateral quotas on 33 types of Russian textiles.

• The Midia consortium, with 20-percent backing from Time Warner Inc., has been awarded South Africa's fourth terrestrial television license for eight years by the Independent Broadcasting Authority.

• Bezeq Ltd., Israel's state-controlled phone company, said fourth-quarter net income fell 68 percent from a year earlier after a one-time charge relating to a cellular-phone project in India. Bezeq earned 67.4 million shekels (\$18.8 million). Revenue dropped 4 percent to 2.33 billion shekels.

• Imperial Chemical Industries PLC plans to acquire Acheson Industries Inc. of the United States for \$560 million, continuing the British company's transformation into a specialty chemicals group.

• France has intensified its opposition to proposals for a major new round of trade talks between the European Union and the United States.

• British Airways PLC said its 14,000 flight attendants accepted a two-year pay agreement, ending a dispute with some cabin crew that led to a costly strike last summer.

• The Bank of Greece, as expected, lowered an official lending rate to 19 percent from 23 percent, after the drachma strengthened following the currency's addition into the European exchange-rate mechanism.

Bloomberg, Reuters, AP

## Swissair Seeks Stakes in TAP and AOM

Courtesy of Our Staff Dispatchers

**ZURICH** — Swissair, Sabena SA and Austrian Airlines plan to add the Portuguese airline TAP, Turkish Airlines and the French airline AOM to their European alliance, as partnerships being formed by major carriers threaten to leave Swissair in

the cold.

Sair Group, which owns Swissair, said Monday it planned to buy a stake of about 20 percent in Portugal's state-owned TAP and that it also aimed to buy shares in closely held AOM. SAir owns 49.5 percent of the Belgian airline Sabena and has said it

wants to buy a stake in the privately held Italian carrier Air One.

SAir, which has an alliance with Delta Air Lines Inc. for trans-Atlantic flights, is expanding its network as other major airlines group together, shunning Swissair. State-run Alitalia SpA chose KLM Royal Dutch Airlines NV as its international partner instead of Swissair, and Singapore Airlines Ltd. dumped the Swiss carrier for a partnership with Lufthansa AG.

To be considered a major player in Europe, SAir has to form closer ties with other carriers, said Kevin Fogarty, an analyst at Daiwa Europe in London. "On its own, it won't receive the full benefits of European deregulation."

Switzerland is not a member of the European Union, which means Zurich-based Swissair cannot offer as many flights to European cities as its EU-based rivals and is restricted from flying domestic routes within EU member countries.

At a press conference in Zurich, the SAir chief executive, Philippe Brugger, also repeated that the company planned to form "route-specific" partnerships for its Asian flights.

(Bloomberg, Reuters)

## Diageo Sheds Liquor Brands

Courtesy of Our Staff Dispatchers

**LONDON** — Diageo PLC said Monday it was selling its Dewar's Scotch whisky and Bombay gin brands to rival Bacardi Corp. for \$1.93 billion to comply with regulators' demands to preserve competition in the liquor industry.

U.S. and European regulators ordered Diageo to sell the brands as a condition for clearing the merger on condition that Diageo sell Dewar's Scotch and its two brands of Bombay gin, Original and Sapphire, within six months. The commission said that without the sale the merger would eliminate substantial competition.

The European Commission, the executive agency of the European Union, gave its approval Oct. 15 on similar conditions. Diageo shares fell 16 pence to close in London at 695.

money will be used to reduce debt.

John McGrath, Diageo's chief executive, said, "The sale process has proceeded smoothly, and we have achieved an outcome which is good for both parties."

In December, the Federal Trade Commission approved the merger on condition that Diageo sell Dewar's Scotch and its two brands of Bombay gin, Original and Sapphire, within six months. The commission said that without the sale the merger would eliminate substantial competition.

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(Bloomberg, Reuters)

## WORLD STOCK MARKETS

Courtesy of Our Staff Dispatchers

**Monday, March 30**

Prices in local currencies.

Tel Aviv

High Low Close Prev.

Amsterdam AEX index 1229.00

Previos: 1219.84

High Low Close Prev.

Brussels BEL 20

Previos: 1229.20

High Low Close Prev.

Copenhagen Borsen 1245.45

Previos: 1242.90

High Low Close Prev.

Dubai DFM 1242.50

Previos: 1242.50

High Low Close Prev.

Frankfurt DAX 1242.50

Previos: 1242.50

High Low Close Prev.

Helsinki Helsingfors 1242.50

Previos: 1242.50

High Low Close Prev.

London FTSE 100 1242.50

Previos: 1242.50

High Low Close Prev.

Milan Mibex 1242.50

Previos: 1242.50

High Low Close Prev.

Paris CAC 40 1242.50

Previos: 1242.50

High Low Close Prev.

Stockholm SX 16 1242.50

Previos: 1242.50

High Low Close Prev.

Taipei Taiwan 1242.50

Previos: 1242.50

High Low Close Prev.

Vancouver S & P 1242.50

Previos: 1242.50

High Low Close Prev.

Vienna ATX 1242.50

Previos: 1242.50

High Low Close Prev.

Winnipeg S & P 1242.50

Previos: 1242.50

High Low Close Prev.

World 1242.50

Previos: 1242.50

High Low Close Prev.

Yokohama Nikkei 1242.50

Previos: 1242.50

High Low Close Prev.

Zurich SWX 1242.50

Previos: 1242.50

High Low Close Prev.

Kuala Lumpur Composite 722.36

Previos: 722.36

High Low Close Prev.

London FTSE 100 1242.50

Previos: 1242.50

High Low Close Prev.

Paris CAC 40 1242.50

Previos: 1242.50

High Low Close Prev.

Stockholm SX 16 1242.50



## ASIA/PACIFIC

## Talks With IMF Going Well, Jakarta Says

Compiled by Our Staff From Foreign Press

JAKARTA — Finance Minister Fuad Bawazier said Monday that there were positive signs that the country's \$74 billion corporate debt problem could be settled, which would remove a key hurdle to Indonesia's bailout negotiations with the International Monetary Fund.

"I see good signs, and it can be settled," Mr. Fuad said after a meeting with President Suharto.

Discussions between Jakarta and the IMF over the terms of a \$40 billion loan-guarantee package have stalled over the issue of how to handle Indonesia's mountain of corporate debt, much of it uncollectible because of the 70 percent

decline of the nation's currency, the rupiah, since last summer.

The talks have lasted almost two weeks and covered five main areas: corporate debt, bank restructuring, the budget and subsidies, monetary policy and structural reform.

The IMF's chief negotiator, Hubert Neiss, said general talks on monetary policy would conclude Tuesday. "We have further points, but this is maybe the last major point," he said.

He added that although corporate debt was "still an issue," he expected the talks to finish "very soon" in a "matter of days."

Last week, Mr. Neiss said that the IMF saw merit in an Indonesian

proposal to resolve the debt crisis using a model adopted by Mexico in the early 1980s.

Mr. Bawazier said he reported to the president that many foreign investors intended to buy government shares in listed companies on the Jakarta stock exchange. "This is an indication that they believe Indonesia's economy will be restored," he said.

The minister for state firms, Tanri Abeng, was quoted Monday by the *Medan Indonesia* daily as saying that Indonesia was planning to sell 12 state companies by June to help pay off its public debt as part of an agreement with the IMF.

(Reuters, AFX, AFP)

### Suharto Family Criticized

A senior Indonesian economic adviser says the Suharto family's financial interests are blocking Indonesia from coming to grips with its economic crisis, according to a Sydney newspaper report quoted by *The Associated Press*.

"Indonesia's biggest problem is for the government to come up with consistent policies, and I don't think they can because the influence of the First Family's interests is too great," Umar Juoro, adviser to the new vice president of Indonesia, B.J. Habibie, was quoted as telling *The Australian Financial Review*.

## IMF: Army of Economists Fights to Buoy Global Economy

Continued from Page 11

13 stories high and three blocks west of the White House. Although a quarter of the 2,600 employees are American, the place has a distinctively Continental feel. That is in part because the managing director is traditionally a European; currently it is Michel Camdessus, a 64-year-old with a formal mien who previously was governor of the French central bank.

The Fund's economists, the dominant force within the staff, consider themselves elite international civil servants. They fly business class, stay in luxurious hotels when on missions to foreign capitals and earn salaries that average \$94,000 a year, tax free. American staffers pay taxes on their earnings, but their salaries are raised accordingly.

The IMF likes to depict itself as the servant of its 182 member countries. Founded in 1944 to oversee fixed currency rates, it still functions today in much the same way it did then—as a sort of credit union, with nations depositing money that is lent to members in need. The United States has the biggest say in Fund affairs, with an 18 percent voting share on the board, and its top policymakers are consulted closely by Fund management.

But while the IMF abides by the wishes of its major shareholder nations, it also is one of Washington's most cohesive bureaucracies.

The institution's discipline is legendary. When a team of economists goes on a mission to a troubled country, they bring along a document—typically the product of weeks of debate within Fund de-

partments—spelling out what policies the country should adopt. When they start negotiating with the country's officials, they are expected to stick unfailingly to this pre-agreed approach, to convey the impression they are certain of what they are talking about.

Even when they find themselves sympathizing with the objections raised by the country's officials—as they often do—the whole issue has to be debated again privately

### Critics say the IMF needs to move faster at figuring out how to cope with new-style investor panics.

with officials back in Washington before the IMF negotiators make any concessions.

Disputes within the staff are resolved by Mr. Camdessus, or more commonly—by Stanley Fischer, the IMF's deputy managing director and a former economics professor at the Massachusetts Institute of Technology whose intellect commands great respect among IMF staffers.

But any debate still takes place within an extremely hierarchical system that, some analysts say, makes the Fund too rigid. Economists from the World Bank, who often conduct joint missions with the IMF, voice awe at the almost military manner with which IMF staffers back their superiors' judgments once a decision is reached, in

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## INTERNATIONAL

# Foreign Companies Flock to D.C.

*Many Firms See Washington Area as an Ideal Business Capital*

By Martha M. Hamilton  
*Washington Post Service*

**WASHINGTON** — Despite impressive evidence that the capital of the United States is not the center of the universe, for a growing number of companies based in other countries, the capital region has become the center of U.S. operations.

Companies ranging from Japanese breeders to Dutch software-applications firms to European aircraft manufacturers have chosen the area around the American capital as their U.S. or North American headquarters.

Although there is no definitive list of such companies, Maryland's Office of Economic Development estimates that there are 150 in state alone.

In some cases the choice was predetermined: a foreign corporation acquired a company that already had roots in Washington. But in many other cases it was an active choice with the Washington area beating out other locations — including New York City and California's Silicon Valley — for reasons as practical as proximity to customers or as ineffable as the quality of life.

Land Rover North America Inc., the North American arm of the British manufacturer of luxury sport vehicles, chose

Maryland over New Jersey about 12 years ago.

"First of all, we wanted to be on the East Coast for the time zone, and we wanted a good port of entry for our vehicles," said Joel Scharfer, the company's vice president of finance and administration. "We also wanted good roads, infrastructure, reasonable office rents and housing."

Shimadzu Scientific Instruments Inc., a subsidiary of the Japanese science-and-technology firm Shimadzu Corp., moved to the area in part because it had a distributor in Silver Spring, Maryland.

"But the real attraction was the density on the East Coast of environmental labs, pharmaceutical houses" and other potential customers, said Gerry Carter, vice president for human resources and administration.

Shimadzu is in a corridor that has pharmaceutical manufacturers to the north in New Jersey and the National Institutes of Health to the south.

Baan Co., a fast-growing, Dutch software-applications and consulting company, is a relative newcomer, just breaking ground in Loudoun County, Virginia, for what it describes as one of its "dual corporate headquarters." The other is a renovated 400-year-old castle

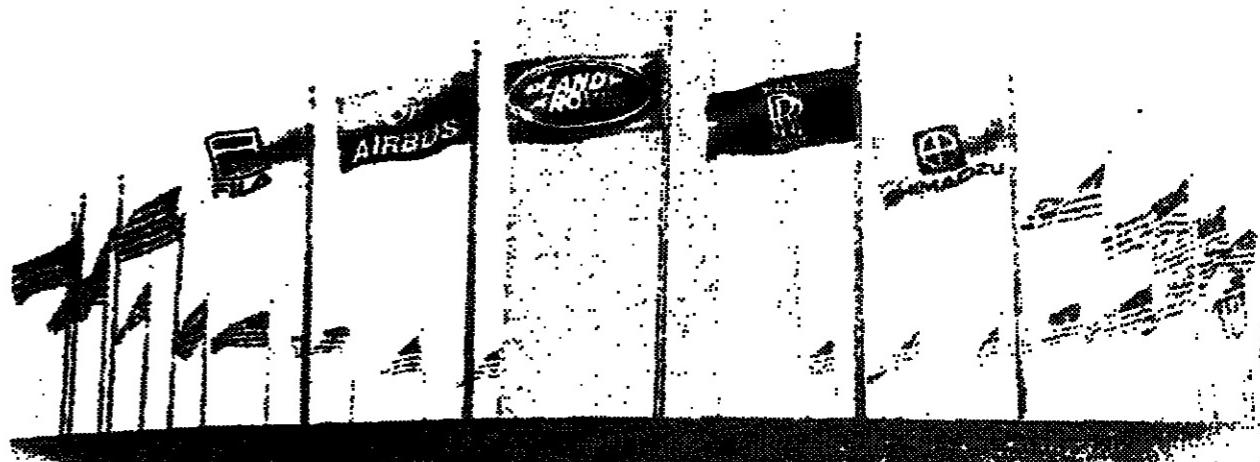
in Putten, Netherlands. Baan bought 281 acres (112 hectares) for \$13 million. The site is a historic property named Jantlin Farm that includes a three-story Normandy-style manor house that once belonged to the artist Vinton Pickens. Baan plans to restore the manor house and build a campus around a lake. About 1,000 people will work there.

The site in Loudoun County — 15 minutes from Dulles International Airport — provided a work force that was more attractive than that in Silicon Valley, said Kevin Calderwood, the company's president.

The employee base here has much more loyalty than the employee base in the Silicon Valley," he said. "There are so many little start-ups and so much opportunity there that people jump almost on a monthly basis. The demand far exceeds the supply."

Airbus Industrie moved its U.S. headquarters to the Washington area from New York in 1987. The European aircraft-building consortium had operated with about two dozen employees out of high-priced real estate in Rockefeller Center in Manhattan.

"At the time, Airbus was planning to expand in a number of ways in North America to be a stronger player in one of



the largest airplane markets in the world," said David Venz, Airbus' vice president for communications. "We wanted to stay on the East Coast because of the time link with Europe, we wanted to be in an area where there is excellent air transportation, and we wanted an area that would be attractive for current employees and other employees we wanted to bring on the payroll."

Airbus now has about 160 employees at its headquarters in Herndon, Virginia,

and its spare-parts facility near Dulles, Mr. Venz said.

Rolls-Royce Inc., the British manufacturer of aircraft engines and engine parts, has its North American headquarters in Reston, Virginia, having moved to the area from Greenwich, Connecticut.

The move was made in 1990 because of "our increasing involvement with U.S. government programs and the fact that a significant number of other airframers such as Boeing and other companies like that had a significant

presence in Washington," said Robert Baumier, vice president of corporate communications. "They are our customers."

Some companies in the region were originally home-grown and then acquired by foreign companies. Vie de France was born about 25 years ago at a time when good bread was in short supply in the Washington area. In 1991, Yamazaki Baking Co. of Tokyo acquired Vie de France's food-service division, adding its restaurant division in 1994.

## Q & A / Alberto Vitale

### Veteran Publisher Views a New Boss

*The Bertelsmann media conglomerate of Germany stunned the publishing world last week by agreeing to buy Random House Inc., which was owned by the Newhouse family of New York. Bertelsmann will merge its Bantam Doubleday Dell subsidiary with Random House to create the world's biggest trade book publisher. Alberto Vitale, the Random House chairman and chief executive, who will be named as chairman of a new supervisory board after the merger is completed, discussed the deal with Alan Friedman of the International Herald Tribune.*

**Q.** This merger will create a publishing group with around \$1.7 billion of annual revenue. How will it affect Random House?

**A.** I don't know that it will affect Random House in any way because what they have bought is our imprints and the publishers and editors, our back list and our capacity to attract the best books around. And Bertelsmann is a good owner because they respect publishing autonomy and editorial independence.

**Q.** But it will create a monolith that some analysts estimate will account for a quarter of the trade publishing market in the United States. That has to have some impact.

**A.** The combined company will have about 10 to 15 percent of the U.S. market. Remember, this is a very large industry where the perception is mainly that of a few big houses like Random, Doubleday, Viking and Simon & Schuster. But there are thousands of houses that make up the bulk of the business.

I should point out that while our sales have been growing in the last few months, our market share has been declining because with the advent of superstores that carry 150,000 titles each, they are carrying many more titles from many publishers. Random House's share was about 8 percent before the deal.

**Q.** What will it mean for Bertelsmann?

**A.** It is not so much what it will mean, but what is Bertelsmann's strategy. The reason why this deal happened is because Advance Publications is at a generational turning point, and S.I. Newhouse is over 70. He and his family are thinking of the future and they have decided from a strategic point of view they want to concentrate on magazines, business journals, cable and new media. At the same time Bertelsmann decided that books are a core area for their company. They already have 25 million members of book clubs worldwide, they have made a commitment to go to on-line commerce, and so they have decided this is a major commitment for them.

**Q.** One hears frequently about other firms being for sale. Might other consolidation follow?

**A.** It is known around town that the academic textbook part of Simon & Schuster is for sale. One hears other rumors. I would say it is very possible that other consolidation will follow.

**Q.** But what will happen to the various imprints inside Random House?

**A.** They are not going to be touched or affected because that is what Bertelsmann has really bought. When you buy publishing, you don't buy machinery or buildings. You buy talent and intellect, and if you tamper with that, you are tampering with major assets, and these are assets that go home every night.

**Q.** Yet with a giant like this new group, isn't there the risk of authors facing an even more impersonal corporate bureaucracy than they already complain about?

**A.** That is pure unadulterated nonsense because we will remain a multiplicity of publishing imprints and houses. Knopf, for example, is a group itself with Pantheon, Vintage, and Everyman. It is through these imprints that we give tender loving care to our authors.

**Q.** Another fear of many authors and literary agents is that this merger will reduce competition and therefore the size of book advances. How do you respond to that? Have many agents called you?

**A.** They haven't called me, but they have called my associates, and they have complained a bit and said there will be less competition for books, which is also nonsense because the imprints are there.

**Q.** Yes, but with Bantam Doubleday and Random House under the same roof, surely competition will be reduced.

**A.** It won't reduce competition but it may reduce some of the crazy bidding, although there are still plenty of bidders out there.

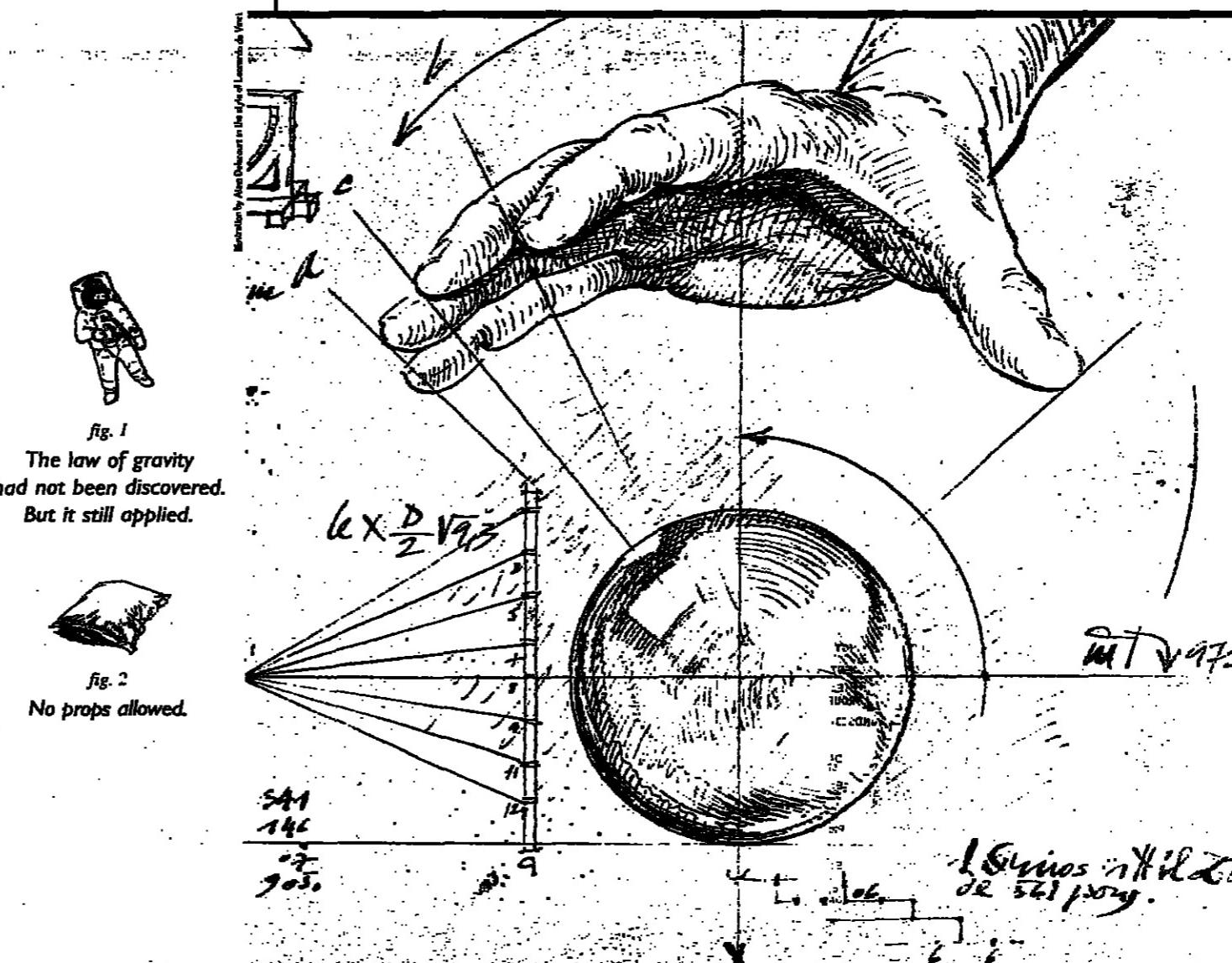
**Q.** You have paid high prices for some books, such as the flop by President Bill Clinton's former adviser Dick Morris. Our business is a crapshoot business. I remember when I bought the Colin Powell book, everyone made noises and made faces, and by the time I published it, everybody said it was hot. And it earned.

**Q.** What will happen to your own role at the new group? Peter Olson of Bertelsmann will take over as chairman and chief executive and you will be chairman of the supervisory board. What does that mean?

**A.** Who knows? It will all depend on the level of working congeniality with the new chief and his working group. The supervisory board is a Northern European concept, used especially in Germany. In this particular case, it will be more of a strategic and advisory board worldwide. But I have a lot of experience with the new owner, having been at Bantam Doubleday from 1975 to 1989, and from 1979 on Bantam Doubleday was owned by Bertelsmann.

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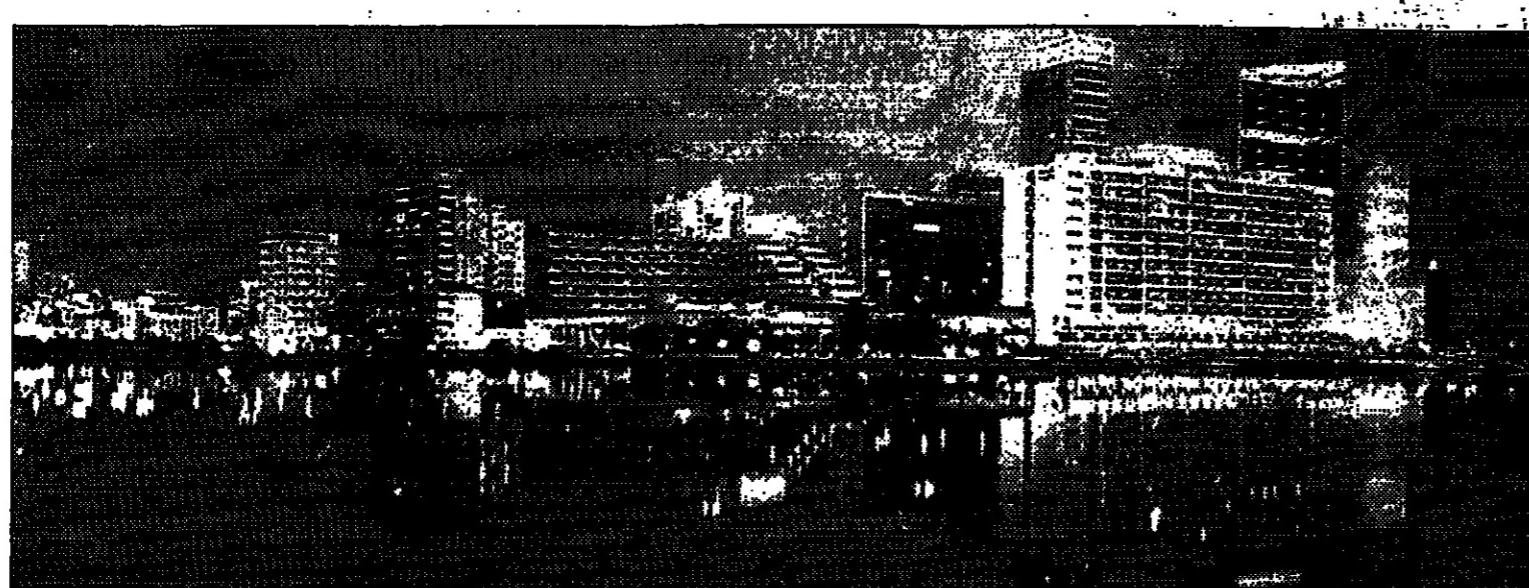
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The mention of impact brings us neatly back to Leonardo da Vinci and the problem posed above which illustrates perfectly the critical importance of timing. At the 2.999 meter mark, the sphere is still falling, and is still perfectly intact. It is only at 3 meters exactly, without anticipation and upon impact with the ground, that the sphere finally shatters. <http://www.paribas.com>

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# SAUDI ARABIA

Falling oil prices across the globe made many a driver happy, but OPEC countries were hit hard in the pocket. As a result, Saudi Arabia, Mexico and Venezuela have agreed to limit oil production in an effort to correct the market. At right, the city of Jeddah glows in the dark.



## NATIONAL AIRLINE RENEWS ITS FLEET

*Saudia is the largest carrier in the Middle East.*

**S**audi Arabian Airlines (Saudia), the national airline, is approaching the millennium with a new color scheme and a \$7.5 billion fleet renewal.

The airline's already extensive maintenance and training facilities are also the subject of major investment, and an estimated \$600 million is going into a new hangar and other facilities for the 61 new aircraft.

The elegant new cream, white and gold aircraft colors and turquoise and blue logo, which shows Saudi's traditional palm tree and crossed swords, were launched in mid-1996. The five-year, \$30 million refit covers not only Saudia's aircraft but also ground service vehicles, offices, ticketing and more.

The aircraft deal — one of the largest in aviation history — was concluded with the Boeing Company and McDonnell Douglas Corporation in 1994. It includes the supply of 23 Boeing 777 aircraft, five Boeing 747-200s, 29 MD-90s and four MD-11 freight aircraft. First deliveries are scheduled for this year. Saudia's existing fleet has 113 aircraft.

Saudia has come a long way since U.S. President Franklin Roosevelt presented King Abdul Aziz bin Saud, the founder of modern Saudi Arabia, with the Dakota aircraft that was the foundation of the airline. It is now the largest carrier in the region, with 11.6 million passengers annually (3.8 million international passengers and 7.8 million domestic ones), serving more than 50 countries.

In January 1997, the airline formed a partnership agreement with United Airlines of the United States to offer a Jeddah-New York service that connects with United's domestic service to Los Angeles.

*Saudia has come a long way since U.S. President Franklin Roosevelt presented King Abdul Aziz bin Saud, the founder of modern Saudi Arabia, with the Dakota aircraft that was the foundation of the airline.*

Both Saudia and the country's airports are earmarked for privatization. Funding for the fleet expansion, however, is following the more traditional route of government borrowing. In January 1998, the government signed a \$4.3 billion loan with a group of banks in what was the kingdom's first international sovereign borrowing since 1991. The balance of the funding is expected to come from domestic sources (e.g., commercial banks, government bonds).

There are other financial constraints on the airline's privatization. Saudia's domestic routes have been invaluable in shrinking distances in a large country. They now serve 24 destinations, but they carry a subsidy element that weighs heavily on the airline's budget. The airline has also been involved in long-running discussions on debts to local banks that are only now being resolved. Airport privatization is also at an early stage, though a contract has been signed for the operation and maintenance of King Abdul-Aziz International Airport in Jeddah.

Liz Freeston

## OIL PRICES, IN FLUX, REQUIRE SAUDIS TO TIGHTEN THEIR BELTS

*Saudi Arabia is on a strict budget to cope with a temporary setback in its revenue earnings. The recent agreement to limit oil production should help.*

**A**lthough Saudi Arabia is one of the most influential oil economies in the world, the Saudis are tightening their belts. Oil prices have reached their lowest levels in almost four years: just over \$11 a barrel, the latest price fixed by the oil producing countries. In an effort to push prices up, the OPEC countries agreed earlier this month to cut production by up to 2 million barrels a day. This was the result of discussions among Saudi Arabia, Mexico and Venezuela about overproduction. Last November, the OPEC price was \$18 a barrel. The organization hopes its latest move to cut surplus production from 27.5 million barrels a day will force up the price of oil.

Whether or not it will have any effect remains to be seen. In any case, Saudi Arabia's economic situation in the near future will be tight. The country is likely to ask the United States for a contribution toward the exceptional costs of the latest military operation to safeguard Kuwait and the attempt to bring Iraq to heel over weapons inspections.

In 1991, Operation Desert Storm to free Kuwait from Iraqi occupation cost more than \$30 billion. This year's exercise, according to some military observers, has already cost 10 percent or more of that figure.

Contrary to the normal rules, world oil prices failed to rise with the prospect of war in the Middle East. In fact, the exact opposite has occurred. Saudi Arabia, which provides 25 percent of the world's oil, is in the middle of a downward oil price spiral: revenues are expected to fall sharply during the first quarter of the year to \$10.2 billion. According to the Centre for Global Energy Studies in London, this compares with \$12.6 billion during the final quarter of 1997. The center sees little chance of improvement in the coming months.

### Retooling the budget

Shortly before the U.S.-led military buildup in the Middle East began in earnest at the start of the year, King Fahd bin Abdul Aziz Al-Saud, Custodian of the Two Holy Mosques,

announced an expansive \$52 billion budget, with estimated oil revenues for 1998 of more than \$47 billion. This, he said, would leave a slightly larger deficit of \$4.8 billion, compared with the previous year's \$4.5 billion. The 1996-97 budget had benefited from higher than expected oil revenues, the "windfall" money that had helped to pay off the Desert Storm debts.

The slump in world oil prices and overproduction by the OPEC group — now at more than 27 million barrels a day — might force the Saudis to rethink their budget spending, already set at more than \$52 billion (8 percent above 1997's budget). The kingdom is beginning to feel the pinch. The current budget anticipates revenues (about 90 percent from oil) of \$47 billion, against current predictions of a little over \$40 billion.

At a recent meeting of OPEC oil ministers, Ali Naimi, the minister of petroleum resources and minerals, said he had decided to reduce production by 300,000 barrels a day. This will impose considerable restraints on the government.

### Shrinking sector

Henry Azzam, chief economist of Saudi Arabia's National Commercial Bank, expects the oil sector to shrink for the first time in four years. In the bank's latest economic bulletin, he estimates a 15 percent drop in oil revenues compared with 1997. Every dollar fall in the Saudi projected oil price means a loss of \$2.5 billion to the treasury.

King Fahd announced in his budget that some \$2.4 billion would be spent on new projects: schools and colleges, general utilities (water, irrigation and power generation) and health care. About half of the budget goes to the civil service, the kingdom's biggest employment sector — a sacrosanct area, along with defense. Although defense expenditure is rarely identified in any detail, it is thought to represent about one-third of the budget.

Thus the kingdom is caught between a rock and a hard

place, with falling oil prices and a population that is increasing at a rate of 3.5 percent to 4 percent a year. This means the kingdom must find 200,000 jobs a year, many of them in the civil service. To cut, or even to freeze, salaries would be courting possible unrest.

One possible solution might be to put some of the projects on hold. Another might be to borrow on the international market.

### Non-oil earnings

The government has made continued efforts to promote the non-oil sector, which now accounts for about 10 percent of revenue earnings.

Exports of agricultural products to other parts of the region have been rising, and there are healthy exports of manufactured goods, including air-conditioning equipment, spare auto parts and electrical goods.

In addition, much discussion has taken place about privatizing and allowing foreign investment in the downstream oil sector and in new utility ventures. This appears to be happening only in the telecommunications sector.

The Royal Commission for Jubail and Yanbu (RCJY), which was established 23 years ago to build the twin industrial cities of Jubail and Yanbu, has devised a plan to set up the Utilities Company (Uco). The government hopes to launch it as a joint stock company with an initial capital of \$500 million. About 20 percent of the stock might be allowed to go to foreign investors.

The current economic climate notwithstanding, the long-term prospects for greater industrialization, increased power generation and a boost in the manufacturing industries cannot be lightly dismissed. Although there is a slump in oil revenues now, the Royal Commission continues to fly the foreign investment opportunity flag in a land blessed with outstanding geography and geology.

Michael Hanson

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هذا من العمل

## SAUDI ARABIA

### THE BANKING AND FINANCE SECTORS HOLD THEIR OWN

*Banks are now less dependent on the government and hence on oil prices.*

Saudi Arabia's banks have posted healthy results for 1997. The 11 commercial banks had combined profits of 6.55 billion Saudi riyals (\$1.75 billion) — up from 5.72 billion riyals in 1996 — although individual profits varied widely, from a high of 33 percent at Al-Bank Al-Saudi Al Fransi to a low of 7 percent at Arab National Bank.

Investment and service activities provided the best returns and offset a general decline in interest income. The decline followed a slow demand for credit, as the government took advantage of high oil revenues in 1996 and 1997 to repay contractors and suppliers, enabling them in turn to liquidate overdrafts.

The current flux in oil prices has changed prospects for government revenues in 1998, but the banks are still confident of a good year. The chief economist at Saudi American Bank (SAMBA), Kevin Taeker, believes the Saudi economy is better placed to cope with the current downturn than it was during the last oil price decline (1993-94). "In comparison with 1993-94, Saudi Arabia is in much better shape to meet the challenge," he says.

Moody's Investors' Service of the United States supports his view. In its latest survey of Saudi Arabian banks, published in December 1997, Moody's notes, "The Saudi banking market has been performing well for several years and is reasonably mature. It no longer contains a large number of banks... still recovering from problems."

Moody's highlights three pillars of credit for Saudi Arabian banks: lending to government projects and parastatals, lending to the local private sector and retail lending. The report suggests that the first of these is secure but offers low margins, while spreads on the second are thin — making it hard to earn good

"Then, we were much closer to the war payments and large loans; they have now gone, and the budget is much more under control."

Mr. Taeker says the private sector is healthier now and that diversification has made private business less dependent on the government and hence on oil prices. He points out that in the last two years, as the government has cleared up its payment arrears, loan balances have declined, leaving banks with fewer bad-loan problems.

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returns unless lending is enhanced by other business. The third, retail lending, is identified as the road to growth, with high margins on loans and a low cost for funds.

Moody's points out that retail banking is already quite developed in the kingdom. Automatic teller machines and telephone banking, for example, were introduced about a decade ago. An increasing number of young Saudis are financially independent, which could translate into enormous growth in the banking sector.

Overall trends for the sector are promising. Saudi Arabia is becoming an increasingly "banked" rather than a cash economy. This provides the basis for continued deposit growth, while privatization and other liberalization measures are opening more sectors of the economy.

A decline in government revenues because of the oil price drop can be expected to propel this process forward.

The banks also enjoy strong protection. The only foreign banking presence allowed in the kingdom is through joint ventures with local banks. The nine Saudi Arabian banks that have taken this option have gained easier access to modern technology and banking practices.

The banks also benefit from their role in the Saudi

Arabian stock exchange, in

which they have a share-trading monopoly. Since 1990,

the banks have been served

by a sophisticated electronic

share information service

(ESIS), and share turnover

has grown rapidly. Turnover for 1997 reached 62 billion riyals, a 144.36 percent in-

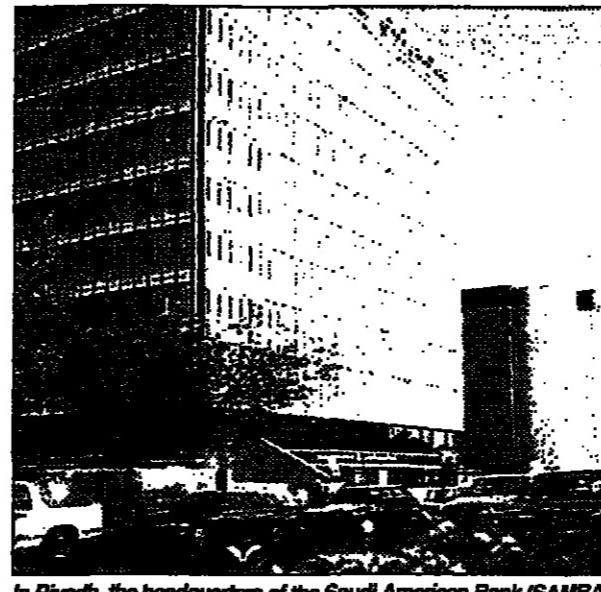
crease over the 1996 figure

and a more than fourteen-

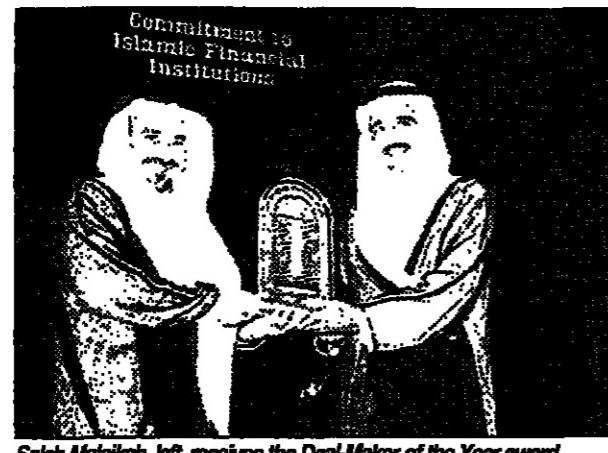
fold rise since 1990.

Ten of the 11 commercial

banks have domestic mutual



In Riyadh, the headquarters of the Saudi American Bank (SAMBA).



Saleh Malakith, left, receives the Deal-Maker of the Year award.

funds that invest in local equities. A significant step forward occurred in April 1997, when SAMBA was given official approval to launch a London-based mutual fund, the first time foreign money has been allowed into the stock market. Other banks are now expected to follow SAMBA's example.

SAMBA itself is moving ahead with an "Invest in Saudi Arabia" exhibition planned for the United States and Canada in 1998, with visits to Europe, Southeast Asia, the Far East and Australia to follow later. The exhibition will promote both mutual funds and direct investment in manufacturing.

Bol Eichfeld, managing director and chief executive, has been an influential force in SAMBA's development. The banks also benefit from their role in the Saudi Arabian stock exchange, in which they have a share-trading monopoly. Since 1990, the banks have been served by a sophisticated electronic share information service (ESIS), and share turnover has grown rapidly. Turnover for 1997 reached 62 billion riyals, a 144.36 percent increase over the 1996 figure and a more than fourteen-fold rise since 1990.

The AlBaraka Investment & Development Company

(ABID) is actively involved in promoting Islamic financial services through the global network of Islamic financial institutions associated with its parent, the Dallah Al-Baraka Group. ABID was established in 1982 to invest the liquid assets of its parent group. The group is an international conglomerate with extensive interests in finance, banking, the media, manufacturing, trade, shipping, agriculture and tourism.

ABID subsidiaries are located in 29 countries and have aggregate assets in excess of \$4 billion. ABID has played a major role in developing mechanisms and instruments to bring Islamic banking and investment practices into mainstream banking worldwide. In December 1997, AlBaraka Group Chief Executive Officer Saleh Malakith was named Deal-Maker of the Year at the inaugural Islamic Banking and Finance Forum.

In January 1998, the Dallah AlBaraka group was given permission to set up a \$590 million offshore holding company in Bahrain. The new AlBaraka Banking Group will control the group's worldwide network of Islamic banks and will open new opportunities for its global expansion. L.R.

### A PETROCHEMICALS GIANT DIVERSIFIES PRODUCT RANGE

*Expansion projects have already increased production significantly.*

One of Saudi Arabia's industrial flagships is the Saudi Basic Industries Corporation (SABIC), which earlier this month reported improved net profits for 1997 of 4.6 billion Saudi riyals (\$1.23 billion). SABIC produces an estimated 7 percent to 10 percent of the world's petrochemicals and has become the cornerstone of Saudi Arabia's petrochemical sector since the kingdom's export program began in 1983. Outside the United States, it is the largest producer of MTBE, manufacturing 13 percent of the world's supply.

"The power to provide" is SABIC's theme for progress, says the company's last published annual report (1996). SABIC plays a key role in industrial and manufacturing diversification and is continually looking at new downstream projects in the petrochemical sector.

"We conducted more than 150 feasibility studies last year to identify downstream projects. These studies were aimed at helping the Saudi private sector to establish industrial projects using SABIC's products as raw material," said Ibrahim A. bin Salamah, vice chairman and managing director, at this month's board meeting.

**Boosting production**  
Improved production and expansion schemes, which came on stream in 1997, helped to boost production from 23 million tons in 1996 to 27 million tons last year. World prices for several petrochemical products, such as polyethylene, methanol and ethylene glycol, had improved during the year.

Hashim A. Yamani, the minister of industry and electricity and chairman of the board of SABIC, who announced the financial results at the meeting, said that earnings rose by 4.5 percent, to \$1.176 billion last year. Sales rose from \$6.4 billion to \$5.55 billion.

Mr. Yamani said that in order to make share trading and handling easier, the corporation's shares — which had a face value of 100 riyals — were to be split in half, so as to double the number of shares to 200 million. A total dividend payment of 2.5 billion riyals — equivalent to 25 riyals per share — was to be recommended to shareholders.

Finally, Mr. Yamani said that SABIC had achieved 70 percent "Saudiization" overall in 1997, with some companies achieving a level of up to 89 percent, and that continuing R&D was providing valuable support in developing downstream industries.

Mr. Salamah said that the corporation had strengthened its position in international markets by increased production and diversification. Three major expansion projects were completed last year. These were SAMAD, which produces PAN (phthalic anhydride) at SADAF (the Saudi Petrochemical Co.), and a methanol plant at AR-RAZI (the Saudi Methanol Co.).

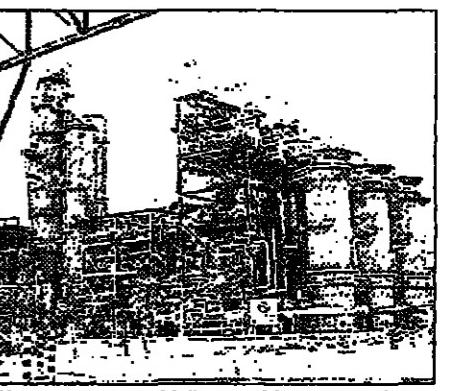
He said that SAMAD had also started commercial production of DOP (dioctyl phthalate). It is the first time that PAN and DOP have been produced in the Middle East.

"Over the next two years, several more expansion projects are expected to come on stream that will further increase our total output capacity and add to the diversification of our product portfolio," he added.

SABIC has 16 world-class plants in Saudi Arabia, plus major investments in two aluminum plants and a petrochemical complex in Bahrain.

Many of its Saudi petrochemical operations are in the twin industrial cities of Yanbu and Jubail. These are giant industrial parks, probably among the largest in the world, established by Royal Commission at the end of the 1970s.

Apart from the petrochemical complexes,



"The power to provide": one of SABIC's affiliates.

SABIC also runs the wholly owned HADEED (iron and steel mill), which is the largest producer in the Gulf region. HADEED manufactures more than 1.2 tons of steel bars, rods and reinforcing products for the construction industry. Its bar mill is one of the largest in the world. Much of the production is bought by the domestic market, and the remainder is exported to other Gulf countries.

M.H.

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- ★ TUNISIA: BNP Paribas Al Baraka S.A.S.
- ★ MALAYSIA: Al Baraka Malaysia Holding Sdn Bhd
- ★ EGYPT: Egypt Al Baraka Finance Bank
- ★ KUWAIT: International Investment Group (IIG)
- ★ SUDAN: National Development Bank

**AFFILIATES**

- ★ TURKEY: Al Baraka Turkish Finance House
- ★ SUDAN: Al Baraka Bank-Sudan
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Established in 1982 to invest its parent Dallah AlBaraka Group's liquid assets in Islamic Banking & Investment ventures, ABID has risen within the past 15 years to become the largest group of Islamic banking and financial institutions in the world today. With holdings of US\$ 900 million, ABID's investments are in 43 subsidiaries, affiliates and other Islamic Financial Institutions throughout 29 countries

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## SPONSORED SECTION

**SAUDI ARABIA****IMPROVED TECHNOLOGY  
CREATES CLEANER FUELS***The focus is on better refining capacity for converting crude oil.*

**F**ive years ago, Saudi Arabia began a \$15 billion expansion and upgrade of some of its refineries. The project was scaled back, however, following the 1993 merger of Samarc, the refining and marketing organization, and Saudi Aramco, the state oil conglomerate. The objective was to improve production capacity of refined products. The project also aimed to increase the added value of huge recoverable oil reserves, which amount to about 260.8 billion barrels — the largest in the world. In addition, the kingdom is the biggest oil producer and exporter.

Daily production today is in excess of 8.7 million barrels, but there is surplus capacity that could easily be switched on to provide more than 1.5 million extra barrels a day. The former oil minister, Sheikh Zaki Yamani, estimates that it costs \$100 million a year to maintain that extra capacity.

Although the capital expansion program for the industry has been cut back, improvements to the great Ras Tanura refinery, one of the biggest in the world, have been going ahead and should be completed later this year. A \$1.8 billion project to upgrade the Rabigh refinery, Saudi Arabia's third export refinery (operated by the Greek-owned company Petrola), has been delayed again.

Because of world environmental demands for cleaner fuels — particularly in the United States and Europe — Saudi Arabia, along with Kuwait and the United Arab Emirates, has been installing more sophisticated technology for converting crude oil, much of it as unleaded gasoline. In the oil boom of the 1970s, little attention was paid to developing and improving refining capacity. At that time, the focus was on pumping more and more crude.

With a massive surplus in oil production and falling oil prices over the last four to five



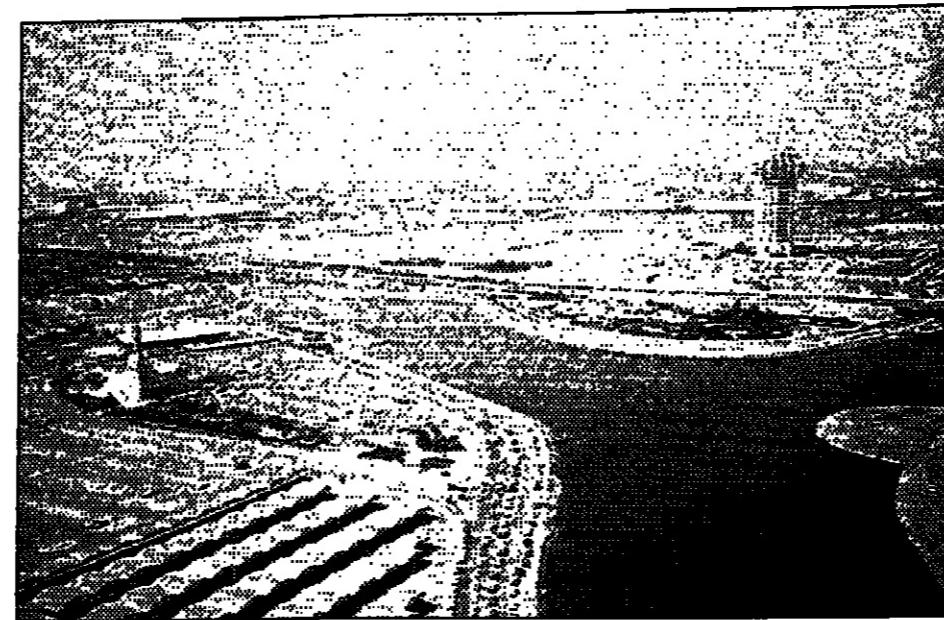
Ali Naimi, minister of petroleum and mineral resources.

## "SAUDI ARABIA"

was produced in its entirety by the Advertising Department of the International Herald Tribune.

WRITERS: Liz Freeston in Amman, Jordan, and Michael Hanson in London.

PROGRAM DIRECTOR: Bill Maher.



Ships leaving this tidy and very productive port may well be destined for all corners of the globe.

**SHIPPING GOES INTERNATIONAL***Saudi Arabia has goods to move — and an increased capacity to move them.*

**T**imes are changing for Saudi Arabian shipping. First, Saudi ports are being privatized. Second, Middle East services, long seen only as offshoots of Asian or European lines, are attracting stronger interest from international shippers.

The major alliances that dominate world shipping have been expanding their services to the region, and the National Shipping Company of Saudi Arabia (NSCSA) has been expanding along with them. Already one of the world's largest operators of roll-on/roll-off (ro-ro) container vessels and a major player in the specialist carrier market, NSCSA is now expanding both its fleet and its route network. It has expanded links to Northern Europe and the Mediterranean, made changes in its North America-Middle East links and introduced a direct line from Singapore to the Arabian Gulf.

NSCSA is moving into crude oil transportation with the purchase of five very large crude carriers (VLCCs), which will boost its aggregate VLCC capacity to

10.5 million barrels. The company also has three container vessels under construction by South Korea's Samsung Heavy Industries. The 4,400-teu (20-foot container units) vessels are due for delivery in 1999.

The company's 80 percent shareholding in the National Chemical Carriers Company, which operates 14 vessels, makes it the world's second-largest chemical carrier.

## Keeping pace

NSCSA's growth coincides with the rapid expansion of the oil petrochemicals sector and the steady growth of other industry. Government leaders recognize that Saudi Arabia's success in world markets depends on its ability to move its products efficiently.

The government is also taking steps to improve the competitiveness of Saudi Arabia's six commercial and two industrial ports, which have shown impressive growth since the establishment of the Saudi Seaports Authority (Seapa) in 1976.

Seapa has invested 30,000 million Saudi riyals (\$8,000 million) to increase the number of berths from 31 to 183. The ports now handle more than 86 million tons of cargo annually and generate profits of \$150 million, while productivity has risen to 1,550 tons daily (t/d) from 489 t/d in 1976.

The growth of Saudi ports has taken place in isolation, however; neighboring states have also been investing heavily to expand their port capacity and quality. Acting on recommendations from Seapa, the government is encouraging private sector investment in the ports in an effort to raise productivity and improve competitiveness.

Private companies can now take out 10-year leases for the operation, maintenance and management of ports. In the process of a transfer to private management are the King Fahd Repair Yard, the bulk terminals, and ro-ro and passenger ship facilities at Jeddah Islamic Port; the container terminal at King Abdulaziz Port; the bulk terminals at Dammam; and the bulk terminal and cargo terminal in Jubail.

L.F.

**MANUFACTURING, A GROWING INDUSTRY***Look for the "Made in Saudi Arabia" label.*

**I**ce cream, pharmaceuticals and steel structures are not items usually associated with a major oil-producing nation. But Saudi Arabia's small and medium-sized manufacturers are coming to the market with an increasingly wide range of products.

Although manufacturing is a very small sector compared with Saudi Arabia's massive oil sector or its rapidly growing petrochemicals industry, local manufacturers are finding a valuable place in both domestic and export markets.

The industrial sector now has 2,400 enterprises, compared with just 200 in 1980, and investment stands at 157 billion Saudi riyals (\$418.67 million). Some 70 percent to 75 percent are joint ventures with international companies. Chemicals and plastics make up 64.3 percent of the total, and building materials (13.1 percent), fabricated metals (8.7 percent) and food and beverages (5.8 percent) also make a solid contribution. The manufacturing industry is growing at a healthy 4.3 percent a year.

The Ministry of Industry and Electricity is supporting the sector by establishing industrial parks. The first three were built in Riyadh, Jeddah and Dammam as far back as 1970, and the network has gradually expanded throughout the country.

The Royal Commission for Jubail and Yanbu also operates two major industrial areas, which focus mainly on the exploitation of gas reserves and have light industrial parks.

## Visible results

The results are now obvious in Saudi markets.

"Go into any market and you will find products in every category made in Saudi Arabia," says Saudi American Bank (SAMBA) Chief Economist Kevin Taeker.

One area enjoying rapid growth is pharmaceuticals. Until recently, more than half of Saudi Arabia's needs were imported, but sales are now worth \$750 million annually and are rising steadily. A number of new plants are coming on stream.

Riyadh Pharma (Medical and Cosmetics Products Co.) typifies the trend. Its parent company, Al Haya Medical Company (AMCO), has been a leading distributor for major international brands since 1967.

Riyadh Pharma's new 20,000-square-meter (215,278-square-foot) plant in Riyadh will produce a range of products, including hard gelatin capsules, tablets, ointments and drops, all under license from established international manufacturers.

Mr. Taeker acknowledges that the industry provides a small percentage of Saudi Arabia's gross domestic product — just 8 percent — but he is confident that the current heavy investment in new projects will ensure the sector's growth. He points out that a rapidly growing population, which is expected to double to 34 million within 20 years, provides a solid domestic market for the building and food industries.

Said Al Sheikh, senior economist at National Commercial Bank, believes that cement and metal products, which enjoy a natural advantage thanks to the availability of cheap energy, are promising areas for expansion to serve local markets. He says there has also been a growing interest in the past two to three years in promoting export-oriented industry to diversify the economy.

## NYSE

Monday's 3:45 P.M.

The National Commercial Bank — A Saudi Joint Stock Company  
FINANCIAL RESULTS  
(AUDITED)

## BALANCE SHEET

	(S.R. '000) 31/12/97	(S.R. '000) 31/12/96
<b>ASSETS</b>		
Cash and balances with SAMA	2,899,160	2,620,947
Due from banks	14,144,783	12,678,095
Trading securities	1,320,500	1,314,678
Loans and advances, net	46,290,109	38,171,072
Investment securities, net	16,863,104	20,467,240
Fixed assets, net	1,702,017	1,713,133
Other real estate	1,030,880	1,033,182
Other assets	2,187,589	2,054,241
<b>Total Assets</b>	<b>86,438,142</b>	<b>80,052,588</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Customers' deposits	61,929,185	58,004,080
Due to banks	13,919,435	11,430,821
Other liabilities	2,802,766	2,962,847
<b>Total Liabilities</b>	<b>78,651,386</b>	<b>72,397,748</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	6,000,000	6,000,000
Statutory reserve	1,761,695	1,500,871
Retained earnings	25,061	153,969
<b>Total Shareholders' Equity</b>	<b>7,786,756</b>	<b>7,654,840</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>86,438,142</b>	<b>80,052,588</b>
<b>CONTRA ACCOUNTS</b>	<b>87,816,418</b>	<b>124,192,701</b>
<b>STATEMENT OF INCOME (ABBREVIATED)</b>		
Operating income	5,675,283	5,320,304
Less: operating expenses	(4,699,710)	(4,351,223)
<b>Net Operating Income</b>	<b>975,573</b>	<b>969,081</b>
Other income (expenses)	67,718	(54,074)
<b>TOTAL NET INCOME</b>	<b>1,043,291</b>	<b>915,007</b>

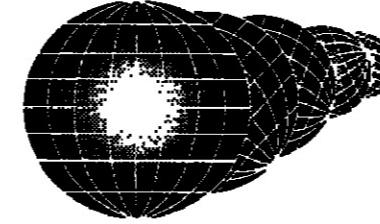
For further information contact our Head Office in Jeddah, Saudi Arabia:  
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البنك العربي التجاري  
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**Kingdom Holding Company (KHC)**  
investing for the future

Kingdom Holding Company (KHC) is a privately-owned investment company which was established in 1979. Under the chairmanship of HRH Prince Awaleed Bin Talal Bin Abdulaziz Al-Saud, the company has built up a diversified portfolio of strategic stakes in well-known companies around the world.

KHC's primary interests lie in banking, real estate, agriculture, entertainment, hotels and restaurants, upscale fashion, retailing and supermarkets, media and broadcasting, tourism and travel, telecommunications and automotive, computer and electronics manufacture.



Significant investments include interests in Citicorp, Ballast Nedam, Daewoo Corporation, Hyundai Motor Company, Soatchi & Soatchi Advertising, Canary Wharf, TWA, Norwegian Cruise Line, DisneyLand Paris, Saks Fifth Avenue, Donna Karan International, Four Seasons Regent Hotels, George V Hotel, Hotel Properties Limited, News Corp, Netscape, Motorola and Apple Computers.

Both within the Kingdom and beyond, KHC takes the long-term view in its investment strategy.

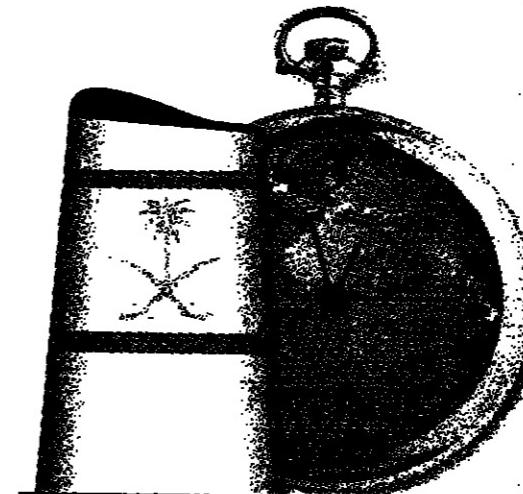
Kingdom Holding Company  
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Telephone +966 1 488 1111  
Facsimile +966 1 481 1954

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Tel.: 44-171-5362800 Fax: 44-171-5362810



**Herald Tribune**  
**INTERNATIONAL**  
**SPORTS**

TUESDAY, MARCH 31, 1998

**WORLD ROUNDUP****Woman Wins Case**

**BOXING** An industrial tribunal in London ruled Monday that the British Boxing Board of Control was wrong to refuse to grant a female boxer a license, rejecting the board's argument that premenstrual tension made women unstable. The tribunal ruled in favor of Jane Couch, women's world welterweight champion, who had accused the board of sexual discrimination for refusing to grant her a license. Couch told the tribunal she missed a £163,000 (\$273,000) fight last year because of the ban and may seek damages. (Reuters)

**No Tickets for Papa**

**SOCCER** Michel Platini, the joint president of the World Cup Organizing Committee, told an English newspaper Monday that tickets for the World Cup finals in France were so scarce that he could not even get any for his father. "All my friends and family are annoyed because they can't get tickets," Platini told the London Evening Standard.

According to the Standard, Platini senior asked for 10 tickets for the final, but received a polite "no" from his son. (Reuters)

**The Splinter Remembers**

**BASEBALL** Billy Crystal recalled when he met Ted Williams, one of his heroes: "I walked up to him at a card-signing show and told him I still had home movies I made of him striking out," Crystal said.

Crystal described the day of the game and the time at bat. Williams thought about it for a moment then nodded.

"Curveball," he said. "Low and away." (LAT)

**Tyson Joins the Show**

Mike Tyson felt at home in his wrestling debut. He threw a knock-out punch, turned on a one-time ally and made a lot of money like he's done in his stalled boxing career.

Tyson, who is suspended from boxing, was reportedly paid more than \$3.5 million for his debut Sunday in Boston as a "special enforcer" for the World Wrestling Federation. He stood outside the ring, supposedly to help the referee as Stone Cold Steve Austin fought Shawn Michaels at WrestleMania XIV.

After the referee seemingly was stunned after being slammed, Austin pinned Michaels. Tyson leaped into the ring and counted Michaels out. When Michaels argued, Tyson floored the wrestler with a quick right that seemed to fall short of Michaels' chin. (AP)

# Pacers Way Off Pace With Only 55 Points

*All Around, a Night of Awful Basketball*

*The Associated Press*

The Indiana Pacers set a record for pointlessness, but they weren't the only team to play badly on a night of awful performances and dull games in the National Basketball Association.

There were 12 games played Sunday, and none of them went the distance — and only a couple even came

**NBA ROUNDUP**

close. Lopsided final scores were the order of the day; no game was decided by fewer than five points.

The worst performance was turned in by the Pacers, who broke the NBA record for fewest points in a game as they lost 74-55, to the San Antonio Spurs.

"I don't know what to say," said Antonio Davis, who made his first start of the season in place of Rik Smits. "Our offense just wasn't there."

The Pacers managed only 14 points in the first quarter, 20 in the second, 12 in the third and 9 in the fourth as they broke the record low (since the shot clock was introduced in 1954) of 57 points set three times, most recently by Orlando on Dec. 4, 1996.

Hawks 118, Pistons 95 In Atlanta, Tyrone Corbin and Steve Smith scored 20 points apiece as the Hawks reached a season high in points one game after scoring a season-low 74 against Chicago. Grant Hill was ejected for arguing and said it was the first time he had ever been tossed out of a game.

Suns 106, Grizzlies 95 Cliff Robinson scored 20 points, Kevin Johnson had 15 points and 11 assists, and Danny Manning broke a 94-94 tie with an 18-foot jumper for Phoenix with just over two minutes remaining. Vancouver lost its 15th straight road game.

Trail Blazers 98, Warriors 88 Isaiah Rider had 21 points, including 14 in the third quarter, as Portland won at Golden State. Brian Grant had 19 points for the Blazers.

Timberwolves 104, Kings 95 In Sacramento, Kevin Garnett had a season-high 32 points, 14 rebounds, 6 assists, 4 steals and 2 blocks.

Clippers 106, Mavericks 96 In Los Angeles, James Robinson and Lamond Murray scored 24 points each as the Clippers snapped a five-game losing streak.

76ers 99, Celtics 94 In Philadelphia, Derrick Coleman scored 13 of his 34 points in the fourth quarter as the 76ers ended a five-game losing streak.

Charlotte had won 15 of 17, but was coming off a 133-96 loss at Indiana on Friday night. The Hornets shot 29 percent in the first half to trail 52-28.

Lakers 116, Wizards 99 Shaquille O'Neal had 33 points and 13 rebounds despite sitting out the fourth quarter along with three other Lakers' starters.

The visiting Wizards (36-36) lost their third straight and fell a game behind Orlando and a half-game behind New Jersey in the race for the eighth playoff berth in the Eastern Conference.

Magic 95, Raptors 88 In Toronto, the Raptors set a franchise record for fewest points in a game and were booted off the court. "It was an awful display of basketball," said Dee Brown, a Toronto guard. "You know this team is terrible when those fans boo. They're great fans."

Bucks 104, Bucks 87 Michael Jordan continued what might be his farewell tour of many NBA arenas when he scored 30 points, many of them with flashbulbs popping throughout the sold-out Bradley Center in Milwaukee. The victory stretched Chicago's winning streak to nine games.

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TUESDAY, MARCH 31

## SPORTS

**It's Time to Play Ball: One Big Surprise in the Predicted Finishes****Brewers (!)  
The Choice  
Over Cards**

*New York Times Service*  
This preview was written by Murray Chass, who lists the National League teams in the predicted order of finish.

**EAST**

**ATLANTA BRAVES** The Braves have won six consecutive division titles and start the season with three-fourths of a new infield and a new center fielder. But the starting pitchers are the same. That is all the stability a team needs. The Braves replaced first baseman Fred McGriff with Andres Galarraga, adding right-handed power. They let second baseman Mark Lemke and shortstop Jeff Blauser go for economic reasons. The only question: Can Galarraga be as productive away from Coors Field in Denver?

**NEW YORK METS** This would be the year to have a work stoppage for a few months. That way the Mets would not have to play without catcher Todd Hundley, their most productive hitter who is recuperating from elbow and shoulder surgery.

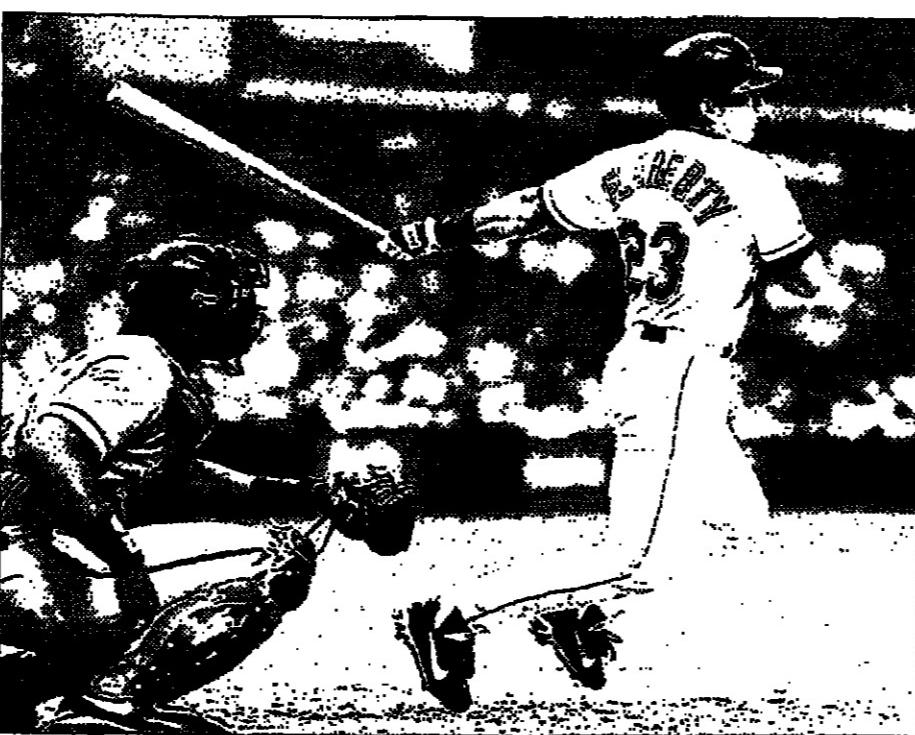
Having enjoyed an improvement in their starting pitching last year, the Mets have strengthened their relief corps.

**FLORIDA MARLINS** They won the World Series faster than anyone else, then dismantled a World Series champion faster than anyone else. Manager Jim Leyland, for whom the dismantling is *deja vu* (see Pittsburgh), points out that the team on the field is still solid; it is the pitching that will be a problem. The new staff leader is Livan Hernandez, the World Series' most valuable player. The four other starters have a combined six major league appearances.

**PHILADELPHIA PHILLIES** The Phillies are building with youngsters such as 1997 rookie of the year, Scott Rolen, and rookie Desi Relaford on the left side of the infield, Doug Glanville and Bobby Abreu in the outfield and Mike Lieberthal catching. In the meantime they need a strong offensive comeback from Gregg Jefferies, hampered by injuries the last two seasons.

Curt Schilling believes in the Phillies' future because he passed up the chance to go to a better team as a free agent, but he needs help from his fellow starters.

**MONTREAL EXPOS** As good as Montreal's minor league system is, it has to start running dry at some point. Six of the nine players who were in last season's opening-day lineup are gone. Only Mark Grudzielanek, Shane An-



John Flaherty of the Tampa Bay Devil Rays homering in the final exhibition game.

drews and Rondell White remain. In place of the departed are rookies such as Brad Fullmer, Javier Vasquez, Trey Moore and Carl Pavano and several players with little major league experience.

**CENTRAL**

**MILWAUKEE BREWERS** The Brewers could win a divisional championship in their first year in the NL.

Manager Phil Garner will not have trouble adapting to the NL style—run more, play for one run at a time—because he played and coached in the league.

**ST. LOUIS CARDINALS** St. Louis was undermined by injuries last season. This year, Brian Jordan and Tom Paganzi have regained their health, but two starting pitchers, Alan Benes and Donovan Osborne, open on the disabled list.

**Houston Astros** The Astros have Craig Biggio and Jeff Bagwell, who have the second and third longest playing streaks, respectively, in the majors. But they also have a weakened starting rotation. Darryl Kile, a 19-game winner, went to Colorado as a free agent. Chris Holt and Ramon Garcia are injured.

**CHICAGO CUBS** In this division, anything is possible, even for the Cubs who were so uncharacteristically active this winter that they have a lot of people excited.

They filled their middle infield with Jeff Blauser and Mickey Morandini, and added what they hope will be power with Henry Rodriguez

(62 homers the past two years with Montreal).

**PITTSBURGH PIRATES** The Pirates' run in the division race last season will most likely produce unrealistic expectations for this year. The Pirates will not catch anyone by surprise this time.

Then again, their starting pitchers, who performed surprisingly well, are more experienced, and some players, like Kevin Young and Jerome Altonsworth, can be better if they avoid injuries that slowed them last year.

The addition of Jose Silver and Elmer Des gives the Pirates five Mexican pitchers.

**CINCINNATI REDS** Jack McKeon, the oldest manager in the majors at 67, says he likes having "the kids" on his team, but would it hurt to have a healthy Barry Larkin? Larkin missed more than half of last year with problems with his left leg and will miss the first few weeks of this season following surgery for a herniated disk in his neck.

The right side of the infield has Bret Boone, son of Bob, and Eduardo Perez, son of Tony, but both must hit better if they are to contribute other than defensively.

**COLORADO ROCKIES** Earned run averages starting with a 5 have become the Rockies' trademark. It goes with playing 81 games at Coors Field.

In their sixth season, the Rockies feel they have their best starting rotation, beginning with Darryl Kile, whose earned run average with Houston was the league's third lowest last year.

**LOS ANGELES DODGERS** If Rupert Murdoch, the new owner, really intends to spend wildly on players, as other

owners fear, he will have his chance later in the season when expensive players become eligible for free agency.

In the meantime, the Dodgers will make Mike Piazza the highest-paid player ever and start Paul Konerko in place of Eric Karros, who had knee surgery last week.

**SAN DIEGO PADRES** In spring training—spring training!—Dave Stewart, the new pitching coach, fined a couple of his pitchers for fraternizing with the enemy before a game. That kind of stuff is unheard of these days but Stewart, always a fierce competitor, sent a clear message.

The Padres also signed Kevin Brown, who has as nasty an attitude as any pitcher. Tony Gwynn will attempt to hit .400 in this expansion season.

**SAN FRANCISCO GIANTS** Barry Bonds had an erratic performance last season and still hit 40 home runs and knocked in 101 runs. This season he might respond to being slighted. When people talk about unusual feats in this expansion year, they talk about other hitters, but not Bonds. That is an insult to an ego unmatched by his fellow players.

**ARIZONA DIAMONDBACKS** Jerry Colangelo, the team's managing partner, has won no friends among other owners with his winter expenditures for such players as Matt Williams, Jay Bell, Andy Benes, Willie Blair and Jorge Fregas, whom Colangelo made a winner after he lost in salary arbitration.

The Diamondbacks will be among the top revenue-producing teams in the majors, and Colangelo believes he should put the best team he can on the field for the fans who will fill the team's new park.

**Orioles, Indians and Mariners Again the Cream**

*New York Times Service*  
This preview was written by Murray Chass, who lists the American League teams in the predicted order of finish.

**EAST**

**BALTIMORE ORIOLES** The Orioles sport the No. 1 payroll at a shade under \$70 million. They had the best record in the majors last year and are capable of having it again. To repeat, however, they will have to overcome the departure of Davey Johnson, who manages winners wherever he goes.

Ray Miller, last a manager a dozen years ago in Minnesota, was appointed by the owner Peter Angelos to replace Johnson, whose resignation was accepted in spite of the team's first division title since 1983.

The Orioles have several players on the bench (Harold Baines and Jeffrey Hammons, for example) who would be in other teams' starting lineups. Joe Carter has supplanted Baines as the primary designated hitter. Cal Ripken Jr., 37, keeps going, with his record consecutive-game streak at 2,478 games over 16

**NEW YORK YANKEES** The Yankees added Chuck Knoblauch, a leadoff hitter with punch, and now their lineup is as potent as any. A full-fledged comeback from Darryl Strawberry (11 games last year, 106 the last three) would add yet another productive bat.

**TORONTO BLUE JAYS** The Blue Jays, trying to beef up the league's weakest offense, will rely on Jose Canseco and Mike Stienly, a pair of newcomers, and Jose Cruz Jr., whom they got in a trade last July, to drive in enough runs until Pedro Delgado returns from injury.

But Toronto boasts a pitching rotation that has the last two American League Cy Young winners, Roger Clemens and Pat Hentgen, and a closer, Randy Myers, who last year earned 45 saves in 46 chances.

**BOSTON RED SOX** The Red Sox long pleaded poverty then obtained Pedro Martinez from the genuinely poor Montreal Expos and agreed to pay him a record \$12.5 million a year. Lucrative contracts ensued for John Valentin and Nomar Garciaparra though not for Mo Vaughn (three-year average of 37 homers).

**TAMPA BAY DEVIL RAYS** The Devil Rays, in their first season in the league, have committed significant dollars to such players as Wilson Alvarez, Roberto Hernandez, Fred McGriff and Paul Sorrento as well as a hometown attraction, Wade Boggs, who needs 200 hits to reach 3,000 as he approaches 40. The Devil Rays should be better than most previous expansion teams, but they play in a tough division, so anything but last place would be a reach.

The team's future rests with the younger players. One of those is Rolando Arrojo, a Cuban defector who will be one of the starting pitchers. He will be under the tutelage of Larry Rothschild, a rookie manager, who was the pitching coach for the World Series champion Florida Marlins.

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**CENTRAL**

**CLEVELAND INDIANS** In John Hart's six years as general manager, the Indians have the best won-lost record in the league and every year Hart reshuffles the team. Four of the nine regulars are new, though one is old as well as new.

That is Kenny Lofton, who has returned to center field after a year in Atlanta. The Indians also hope Shawon Dunston, always a shortstop, can fill the hole at second. But more glaring holes exist in their starting rotation.

**CHICAGO WHITE SOX** By the end of last season, Albert Belle had produced 30 home runs and batted in 116 runs, but they were empty numbers. He had failed to give the White Sox value for their \$11 million a year. Belle does not like to

underachieve and his glare and his bat should be more menacing this year.

Jerry Manuel, one of two coaches who left the Marlins' staff to become American League managers, will also benefit if Ruben Sierra rediscovers the swing that once made him a feared hitter.

**Detroit Tigers** The Tigers join a new division on a roll. Last year, their last in the East, they improved by 26 victories over 1996, a remarkable leap. The next level, manager Buddy Bell, knows, will be harder to reach.

The league's best defense helped the Tigers improve, and they hope the offense is at the core of more improvement. One hitch: Deivi Cruz, the surprise at shortstop last year, is on the disabled list with a fractured ankle.

**MINNESOTA TWINS** Knoblauch has gone to New York. The team may go to North Carolina. For now, Tom Kelly's overmatched troops remain in the Metrodome, where they will fight to stay out of last place.

**KANSAS CITY ROYALS** Kevin Appier, the Royals' No. 1 pitcher, had surgery on a separated shoulder, last week and may miss half the season. The starting rotation was not deep to begin with. The Royals, who may be sold this season, have had three successive losing seasons, finishing last the past two seasons.

**WEST**

**SEATTLE MARINERS** The Mariners open their season on Tuesday and Randy Johnson is scheduled to be their pitcher — to his regret. Johnson wanted out months ago when the club decided it would not give him a contract extension, but no one offered equal value for the intimidating left-hander.

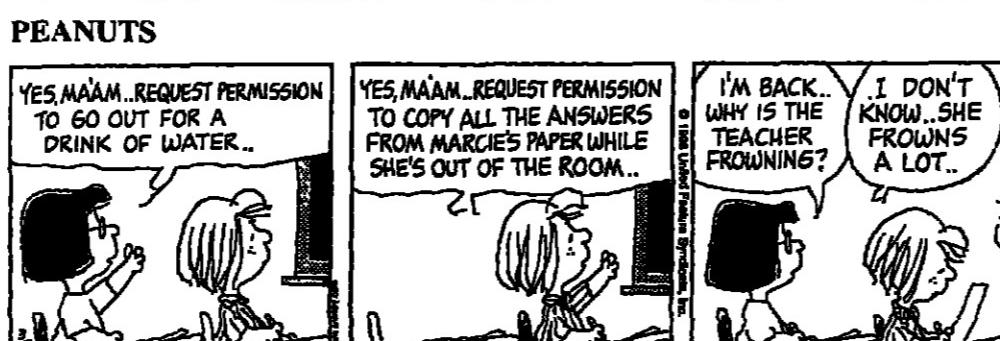
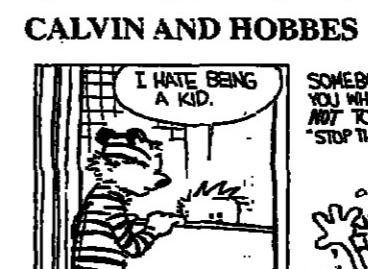
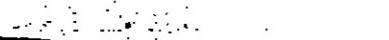
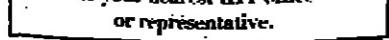
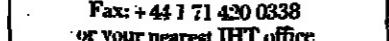
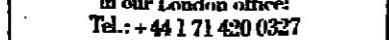
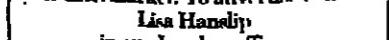
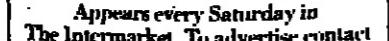
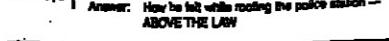
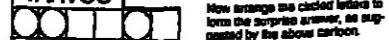
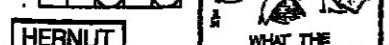
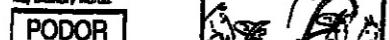
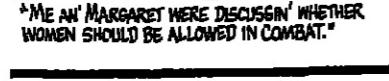
The rest of the pitching lacks depth. The barting does not. The Mariners set a record last year with 264 home runs, and the fence busters are back except for Sorrento, who hit .31 for Montreal, replaces Sorrento. Ken Griffey hit 56 homers. Can he top that?

**ANAHEIM ANGELS** The corps of talented young players like Jim Edmonds, Tim Salmon, Garrett Anderson and Darin Erstad may be ready to take that final step, and a rejuvenated Cecil Fielder could push them to it. Fielder has worked hard to show he is not at the end of his career.

**TEXAS RANGERS** Even in the many years he has been injured, Juan Gonzalez, has hit more home runs and driven in more runs than most players do who play the entire season. He missed 29 games last year and 28 the year before, yet hit .42 and .47 homers. The intriguing thought is how far the Rangers could ride a fully fit Gonzalez.

**OAKLAND ATHLETICS** Ben Grieve, the rookie right fielder, is 21 and for real. In 24 games with the Athletics last year, he drove in 24 runs and batted .312. In 127 minor league games, he knocked in 136 runs and batted .350.

The Athletics need something exciting. They have also brought Rickey Henderson and his record 1,231 stolen bases back for his fourth visit. The A's also added a pair of veteran starters, Tom Candiotti and Kenny Rogers.

**DENNIS THE MENACE****PEANUTS****CALVIN AND HOBBES****WIZARD OF ID****DOONESBURY****TEMPS**

## ART BUCHWALD

### Calling 'Guns R Us'

**WASHINGTON** — When five people were killed in Jonesboro, Arkansas, and 11 wounded, I immediately called the "Guns R Us" hot line. This is where you can get information on gun accidents from a source more sympathetic to handguns than the gun-control fanatics, who are trying to take our firearms away from us.

Buchwald

"What happened?" I asked the man on the other end of the line.

"Some children were out looking for deer and shot some students instead. It happened."

"But apparently they weren't looking for game. They wanted to shoot people."

We're certainly not going to make these kids who did the shooting our poster boys, but at the same time, we're not going to stop young men from defending themselves, if that is what all this was about."

"How did the membership of Guns R Us react when they heard the news?"

"They were horrified. They knew that there would be the usual stink when someone gets killed with a semiautomatic. This was more embarrassing because the kids had all sorts of weapons. It makes us look bad."

"Besides saying that you're sorry, what do you plan to do?"

"Raise dues from members of the gun lobby. This one could get the public's attention, and the only way we can stop legislation is to plead for money to keep our legislators in line."

Benguigui, who is also a producer, knew she wanted to be a filmmaker when she was 13. "But for years, I thought my story was about Algeria, I didn't realize that it was really about immigration. I know this story from the inside because our mothers perpetuated the tradition of repression. That was their mission, or France will eat you up."

She was a quiet child. "Being well brought up meant not opening your mouth, so I observed details — this is what attracted me to cinema. We'd visit a woman who lived in a shantytown, all decked out as if we were at a fete. I loved taking in her story, the alarm clocks ticking away, the radio sitting on a little doily. I understand what the radio and TV represented for women of my mother's generation — a connection to the world. I wanted to render these details with love."

Benguigui, a dashing woman, wears finely wrought rings on slender fingers and tosses her long hair as if brushing away veils of the past. "Nobody wanted us to integrate, neither our family nor the French. We lived with our parent's myth of returning to Algeria."

"One more question..."

"Could I call you back? I have Charlton Heston on hold."

She broke away from home early because

### An EU Movie Boom

The Associated Press

**BRUSSELS** — Movies are more popular than ever in Europe, says a report that showed audiences growing steadily through the 1990s. The report released Monday by the European Union's statistical office said movie admissions in the 15-nation EU rose by 18 percent, to 702 million, from 1990 to 1996. The biggest increases were in Ireland and Luxembourg, the EU's smallest nations. The Irish are the EU's biggest moviegoers, with an average of 3.2 cinema visits a person per year.

"That's why we get more respect from Congress. Every dollar we spend on legislation will protect an innocent gun owner from becoming wounded by what happened in Jonesboro."

"No, because then next year they would raise it to 14-year-olds, then 15-year-olds, and pretty soon no one could carry a gun."

"One more question..."

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She broke away from home early because

By Joan Dupont  
International Herald Tribune

**PARIS** — Yamina Benguigui, born in northern France, the oldest daughter in a household of six children, was raised in the Islamic tradition, and "in the immigrant's silence and shame." She has been trying to make sense of her identity — and of France's uneasy truce with a country she barely knows — ever since.

Her "Mémoires d'Immigrés" (Immigrants' Memories), a 2-hour-40-minute documentary, traces three generations of "Maghrébins," men from North Africa recruited to work in French factories, and the families who joined them. The film won the Michel Mitran prize at the Festival International de Programmes Audiovisuels in France and a Golden Gate award at the San Francisco festival; it is also a prize-winning book.

"Mémoires d'Immigrés" is the stirring history of a generation whose parents, never welcome, were feared and rejected when their numbers grew.

"We're schizophrenics," the director said. "At home we learned about Islam, and at school we learned about the world. We don't have the same cultural codes as Algerians in Algeria — we have more in common with American blacks."

Benguigui, who is also a producer, knew she wanted to be a filmmaker when she was 13. "But for years, I thought my story was about Algeria, I didn't realize that it was really about immigration. I know this story from the inside because our mothers perpetuated the tradition of repression. That was their mission, or France will eat you up."

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"One more question..."

"Could I call you back? I have Charlton Heston on hold."

She broke away from home early because

of conflicts with her father. "Once I left, I opened the way for the others — my mother divorced and has another life."

After her baccalaureate, she did a stint at film school and then worked with Jean-Daniel Pollet, a New Wave director who makes features and documentaries. In 1994, she shot "Femmes d'Islam" (Women of Islam) and realized that the Algerian experience was not really hers and that while she understood Arabic, she couldn't speak it well.

"I thought I had come to terms with my past, but then I stopped everything for three years to make "Mémoires d'Immigrés,"" she said. "because there are almost 4 million of us in France and we've never talked about our history; we saw how our parents were treated and were ashamed for them. I didn't want to be one of those shamed people."

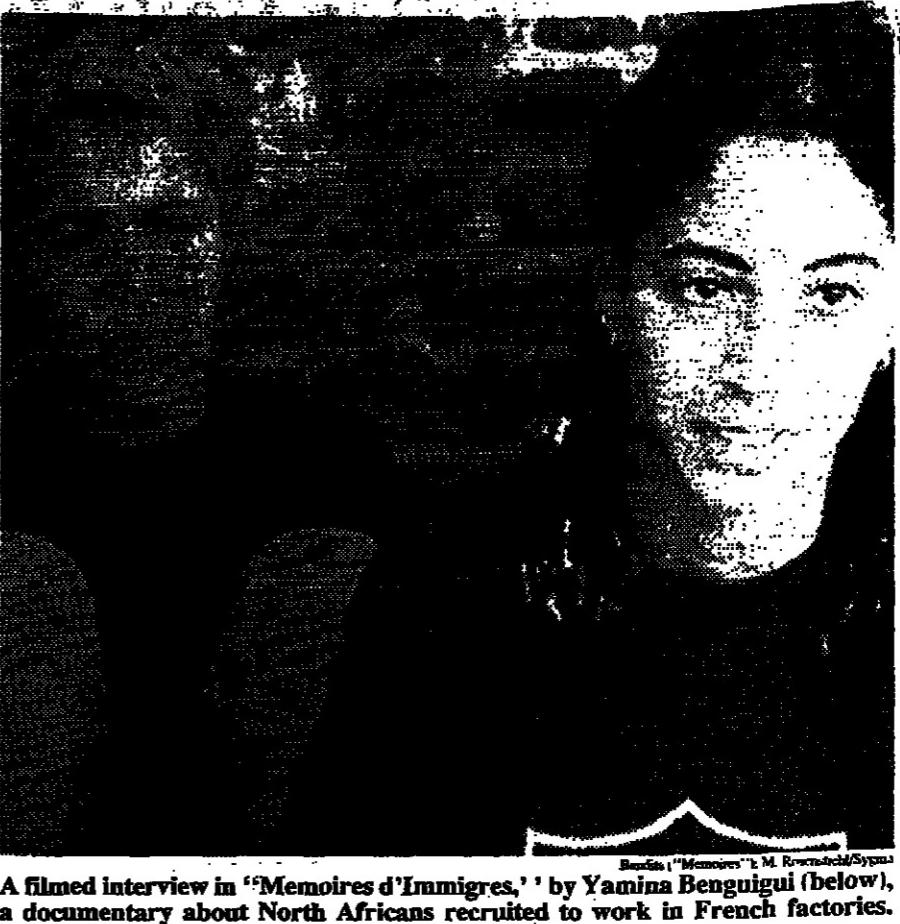
She decided to shoot in 35mm instead of video, and inserted reportage — interviews of ministers, officials, worker priests. "It's still a taboo subject so it wasn't easy to get access to the archives. I spent months viewing; you have to know what you are looking for, the alibis for packing people in 'transit homes,' the signs of contempt."

The archives make up the narrative thrust. The heart of the film is in interviews with immigrants — old women, worn workers, singers, writers, teenagers — from the suburbs of Marseille to Paris. "It was a colossal job, but I was driven because I knew this story from inside."

The documentary opens on the ranks of toiling fathers, imported by French automobile plants as cheap labor, packed into shacks where they reigned as domestic tyrants. "The section on the fathers should be called 'The Sacrificed Generation.' They were illiterate, they were violent with their wives and children; now you can understand why."

The administration that encouraged immigration till the mid '70s never thought the families would settle: "They thought they would just disappear, die like rats. You can't understand what goes on in the French suburbs today unless you know the history. This is not a film against French society, but against a political system that keeps making the same mistakes."

Benguigui, who has two daughters, 10 and 13, is married to a *pied noir*, an Algerian-born Frenchman, from a Jewish family. "They came over to flee the independence, whereas my father came to militate for independence during the Algerian War. He was jailed twice, and we were placed under house arrest."



A filmed interview in "Mémoires d'Immigrés," by Yamina Benguigui (below), a documentary about North Africans recruited to work in French factories.

She talks to her daughters about this complex history and solidarity with the women in Algeria.

"What people don't realize is that the Islam we inherited from our parents had nothing to do with today's fanaticism. Our fathers had never read the Koran. The fanaticism — the veil, excision, mutilation — came from Khomeini's Iran in 1979."

Benguigui will also be accompanying "Mémoires d'Immigrés" to Boulogne-sur-Mer, where her father lives. "But I don't think we will meet. He told my brother that I had made a pro-French film," she sighed. "My father was treated like an ignorant Arab worker here, but he is an intellectual, and I'm the one who resembles him the most — he believed in bombs and I make movies: a film is a weapon."

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## PEOPLE

**WITH** the full weight of 11 Oscars behind him, James Cameron, director of "Titanic," took a swipe at Hollywood's most powerful film critic. No critic wielded as much influence as the Los Angeles Times's Kenneth Turan, who panned the most costly movie ever made and the world's biggest box-office hit. "It's time to speak up when Turan uses his bully pulpit not only to attack my film, but the entire film industry and its audiences," Cameron wrote in a lengthy open letter to the Times. Turan had derided the movie's script as so bad "it almost makes you weep in frustration" and said Cameron writes the "lowest common denominator screenplays that condescend to their audience." The paper responded to Cameron's blast: "Of course we're not going to fire Kenny Turan. He can say whatever he wants."

The body armor worn by Diana, Princess of Wales, when she visited Angolan minefields goes on display this week at a special exhibition at the Im-

perial War Museum in London called "Land Mines: The Human Cost." The protective vest will be among photographs and other memorabilia documenting Diana's campaign for a worldwide ban on anti-personnel mines, which included a visit to Angola in January 1997.

Stradivarius once owned by the French violinist Rodolphe Kreutzer is to be sold Wednesday by the London auction house Christie's, which hopes it will fetch up to £850,000 (\$1.4 million). Kreutzer, regarded as one of the leading concert violinists in Europe between 1784 and 1810, had two or three Stradivarius violins, but this one "is supposed to be the greatest," said Jonathan Stone, a musical-instruments specialist at the auction house.

With a Puerto Rican flag draped across his shoulders and the audience roaring, Paul Simon said good-bye to "The Capeman." "If this is a failure," Simon

said from the Broadway stage as his cast whooped it up behind him, "what do you call a success?" The \$11 million musical, based on a 1959 Puerto Rican gang killing, played its final performance at the Marquis Theatre on Saturday night, just two months after its much-hyped debut was savaged by the critics.

Eric Clapton could become the Betty Ford of the 21st century. The singer has announced plans to build a 36-bed drug and alcohol rehabilitation facility, modeled after the Betty Ford Center in Palm Springs, California, on the West Indies island of Antigua. Clapton is spending \$5 million on the project, which he is calling Crossroads and says is "a Robin Hood type of thing." Crossroads will treat local addicts for a nominal fee while outsiders will pay about \$9,000 for a 30-day treatment.

His mind and heart are on a higher plane, but the Dalai Lama's face is now appearing on U.S. magazines, bill-

boards and kiosks as part of a quirky new ad campaign by Apple Computer. His holiness is part of Apple's "Think Different" campaign, which aims to associate the company, an underdog compared with Microsoft and IBM, with historic figures "who faced tough odds and changed the world."

Pepe LePew would be proud. Skunk lovers from across the United States gathered in Augusta, Georgia, over the weekend, hoping their critters would win such titles as "fiercest" and "most talented" at the 11th annual National Skunk Show. "We don't breed them to an ideal, and we don't want to because we don't want snobs owning skunks. We want you to own a skunk because you love one," said Jane Bone, a member of Skunks as Pets.

John Major, the former British prime minister, is worth more to advertisers than the supermodels Naomi Campbell or Kate Moss. The Daily

Telegraph reported that he can command up to £100,000 (\$165,000) for an advertising endorsement, higher than the two British models. Major reportedly had been offered that by the ad agency Saatchi to endorse The Independent newspaper in a 30-second television spot. He turned the offer down.

A court in Tokyo has ordered the recall of a book based on letters written by the late Japanese novelist Yukio Mishima that described his homosexual relationship with a younger man. At the request of the family of Japan's most controversial post-World War II author, the Tokyo District Court ruled that even personal letters are literary works that must be protected by copyright. The book, "Mishima Yukio: Tsurugi to Kanbeni," was written by Jiro Fukushima. It contains 15 letters sent to him by the novelist from 1962 to 1967. Mishima committed suicide in 1970 at 45 after storming into military headquarters in an attempt to provoke a coup that would lead to rearmament.



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Now, what could be easier than that?



### Steps to follow for easy calling worldwide

1. Just dial the AT&T Access Number for the country you are calling from. 2. Dial the phone number you're calling. 3. Dial your card number.

#### AT&T ACCESS NUMBERS

Austria	022-903-0111	Greece	00-800-1311	Saudi Arabia	1-800-10
Belgium	0-800-100-10	Ireland	1-800-550-000	Spain	700-99-00-11
Czech Republic	00-42-000-101	Israel	177-100-2727	Sweden	020-795-6111
Egypt (Cairo)	510-0200	Italy	172-1011	Switzerland	0800-89-0011
France	0-800-99-0011	Netherlands	0800-922-9111	United Kingdom A	0500-89-0011
Germany	0130-0011	Russia #4 (Moscow)	735-5042	United Kingdom A	0800-89-0011

For access numbers not listed above, ask any operator for AT&T Direct™ Service, or visit our Web site at <http://www.att.com/traveler>.

Credit card calling subject to availability. Payment terms subject to your credit card agreement. Standard countries: per-country-per-country calling rates are the cost of a call to the U.S. plus an additional charge based on the country you are calling. You can call the U.S. from all countries listed below. Please note: some calls may be subject to a limited availability. Public phones: Dials U.S. access number + 14. Ireland: 011-986 AT&T

